



Examination and Exploration of Corporate Social Responsibility  
(CSR) of Two Immigrant-owned Small and Medium Enterprises  
(SMEs) in Greater Vancouver, Canada

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## DECLARATION

I, Jyh-Yaw Joseph Chen declare that I am the singular author of this thesis and that all the work on this thesis has been carried out by me personally in the course of my study for the award of DBA at the University of Liverpool, United Kingdom

Signed:.....

Date: .....

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Dad, Mom, brothers and sister, this is for you. Without you, I would not have had the energy to see this thesis through to completion.

## ABSTRACT

Although CSR has attracted attention from large enterprises, there have not been a lot of research studies focusing on the CSR efforts by small and medium enterprises, let alone those owned by immigrants. In this action research, the author examines and explores CSR efforts by two immigrant-owned small and medium enterprises in Greater Vancouver, Canada.

This action research aims to study: (1) SME's perspectives on CSR, (2) the factors influencing SME's CSR perspectives, and (3) how SMEs implement CSR. The study reveals that owners and employees of SME's are aware of CSR, but have varied perspectives due to ambiguous CSR definitions and different backgrounds and experiences. Some unique factors identified which influence SME's CSR perceptions include a high similarity among SME owners and employees, and the SME owners' family education in early childhood, life experiences, and personal beliefs.

The author follows closely what Coghlan and Brannick (2010) has defined regarding the requirements of action research as guideline for evaluating details of this Action Research. Also, to analyze a huge volume of data collected from dialogues among participants, in this thesis, the thematic analysis had been applied as the method for interpreting data. Using thematic analysis to categorize seemingly unrelated data into different themes the researcher was able to utilize all qualitative data collected from action research and to gain knowledge under each theme (Braun & Clarke, 2006).

The two SMEs are in two different industries, tutoring and renovation, which affected the SMEs' CSR implementation approaches. They served their customers in different ways, namely, educating grade-school students to achieve better academic performance for Company A and helping property owners to renovate and improve

their living places for Company B. On the other hand, there were common aspects of their CSR implementations, such as customers, environment, and society. Although seeking higher profits seems to be a good rationale for inducing firms to execute CSR for better customer satisfaction and loyalty, the author found that the SMEs participating in this core action research did not consider profit as a main concern when they made business decisions.

The two SMEs have been running since the late 90's without formal CSR rules. During the action research projects, suitable CSR rules for each firm were created by the author and the participants from the companies collaboratively. In addition, results generated from this core action research are actionable knowledge which can be applied by other SME owners and researchers. Furthermore, the author argues that profits should not be the only objective for businesses since aspects such as corporate reputation and brand equity are also critically important. Firms need to balance all goals from a long-term perspective instead of focusing on short-run profits alone. Therefore, a profit optimization approach, considering all relevant goals, is more appropriate than simply pursuing profit maximization.

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## **Chapter 1: Introduction**

### **1.1 Chapter Overview**

Although Corporate Social Responsibility (CSR) has attracted attentions from large enterprises, there have not been a lot of research studies focusing on the CSR efforts by the small and medium enterprises, let alone those owned by immigrants. In particular, the public knows very little about SMEs' CSR perspectives. For example, it is not clear to the general public whether SMEs have CSR perspectives. If they do, what factors influence SMEs' perspectives on CSR, and how SMEs implement CSR? In this thesis, the author conducts an action research by exploring two local Canadian SMEs owned by immigrants to answer some of the above mentioned practice-based questions.

There are six additional sections in this introductory chapter. The author briefly defines the meanings of CSR and SMEs used in this thesis in the second and third sections, respectively. Then, the author explains the aims and research objectives of this thesis in sections four and five, respectively. Then, the author briefly introduces stages of action research in section six. In section seven, the author provides a brief introduction of the two SMEs who participated in this study. At the end of this chapter, in section eight, an order of this thesis is introduced.

### **1.2 Definition of CSR in this thesis**

The author adopted the CSR definition suggested by the British Department for Trade and Industry(DTI) as the guideline of CSR used in this thesis because of its clarity. According to DTI, "to be a socially responsible firm, [a] firm must firstly abide by the laws of the land as the laws set the minimum standard of practice. At the same time,

in doing their business, firms must also consider the impact they have on the wider society they operate in, particularly on economic, social, environmental and human right issues” (Taneja et al, 2011, p. 355).

In fact, there are no clear CSR definitions and no agreement on its definitions. According to Blyth (2005, cited in Taneja et al, 2011, p. 355), “there is no one definition of what it takes to be a responsible corporate. The key is to have a rigorous process for identifying those responsibilities and fulfilling them”. Therefore, it is difficult to use a single meaning to define CSR. In fact, many notable definitions of CSR exist and an in-detailed discussion of the definitions is provided in Chapter 2.

In Canada, the government defines CSR broadly as “voluntary activities undertaken by a company to operate in an economically, socially and environmentally sustainable manner” (Government of Canada, 2016). This CSR definition is too broad to follow. The British CSR definition is clearer than the definition suggested by Canadian government. Therefore, the author adopted the CSR definition from DTI as a guideline instead of as a precise definition to explore SME’s knowledge of CSR because definitions of CSR are subject to an individual owner’s subjective moral judgement of business conduct. The results of the research by Sherwin (1983, cited in Brunk, 2012, p.552) found that “the term ethics refers to a set of moral norms, principles or values that guide people’s behaviour” and the term ethics is “an individual’s subjective moral judgment of right/wrong or good/bad”. It is worth noting that business owners’ personal subjective ethics are important to business decisions of SMEs because owners are the decision makers. Generally speaking, subjective ethics change when business owners have different educational and backgrounds, and life experiences. Thus, it is difficult to have an objective standard of ethics. Hence, in this thesis, it is also challenging to have a universal CSR definition while exploring SMEs’ CSR perspectives.

### **1.3 Definition of SMEs in this thesis**

In this thesis, the author adopted the Canadian government's definition of SMEs because the action research targets were two local Canadian SMEs. In Canada, companies with employee numbers between 1 and 99, 100 and 499, and 500 or more are defined, respectively as small, medium and large corporations. According to the Government of Canada's website information, there were about 2.4 million registered firms in Canada in 2011. Among them, 98.1% of corporations in Canada and 98.5% of corporations in the province of British Columbia (BC) are small corporations. SMEs constitute the majority of corporations. More interestingly, more than half of the small corporations, 54.9 % of corporations in Canada and 56.8% of corporations in BC, are small corporations with less than four employees (Government of Canada, 2012). Hence, the exploration of CSR from SMEs' perspectives is very important for Canada. Furthermore, Canada is an immigration hosting country with many new immigrants coming in with diversified ethnic and cultural backgrounds to live in this country every year. According to Immigration Watch Canada, on average, 250,000 immigrants have landed in Canada every year since 1990 (Immigration Watch Canada, 2015). As an immigrant who arrived in Canada in 1997, the author of this research has a strong personal interest in learning more about the general challenges experienced by immigrants while setting up businesses in Canada, and in particular the challenges they experienced while executing CSR. Hence, in this thesis, the author conducts an action research by exploring two local SMEs that are owned by immigrants from Taiwan.

### **1.4 Aim of This Thesis**

The general public knows very little about SMEs' CSR perspectives because most studies have focused on CSR adopted in large corporations. For example, it is not

clear to the general public whether SMEs have CSR perspectives. If SMEs have CSR perspectives, then this action research was aimed to study (1) SME's perspectives on CSR, (2) the factors influencing SMEs' CSR perspectives, and (3) how SMEs implement CSR.

The author investigated two local SMEs in the greater Vancouver to answer the above three questions. The justification for writing this thesis is the following. First of all, the exploration process itself is used to solve a practice-based problem, which is suitable for a DBA thesis. Secondly, the general public is not clear about SMEs' CSR perception, what factors induce their CSR perceptions, and how SMEs execute CSR. The action research conducted in this research would contribute to the knowledge gap between the understandings of CSR in large corporations and in SME. In reality, CSR has been a topic discussed since 1920s, according to Dodd (1932). According to the author's literature review presented in Chapter 2, there is a lot of quantitative research focusing on the evaluation of relationships between CSR and various aspects of corporate performance, such as the financial performance of big companies (Ex. Becchetti et al, 2008; Menz, 2010; Cortez, 2011; Melo and Galan, 2011). But, there was relatively little attention on CSR in SMEs based on a research review conducted by Tewari & Pathak (2014: "SMEs' CSR received relatively little attention and there was only a small body of literature on SME experience in industrialized countries and a very limited amount of literature in developing countries" (Tewari & Pathak, 2014, p. 39). Hence, there is a need for gaining a thorough understanding of SMEs' CSR perspectives. Thirdly, the process of answering the above three questions would result in actionable knowledge that other SMEs may follow and use to induce their own CSR perceptions if they have no CSR knowledge. Those SMEs with CSR perceptions could also apply this actionable knowledge to refine their CSR perceptions if there is a need.



To sum up, the author was strongly motivated to conduct this thesis for the following reasons: there was very limited CSR research on SMEs, or research about action research methodology; also, the SMEs plays an important role in the Canadian economy and Canada accepts a significant number of immigrants every year.

## **1.5 Research Objectives of This Thesis**

In this thesis, to achieve the aims mentioned in the previous section, the author plans to complete the following three research objectives. The first research objective is to better understand definitions of CSR and factors inducing CSR in SMEs. To complete this objective, the author reviews literature that covered origins of CSR, and literature that investigates factors influencing CSR. This research objective is covered in Chapter 2.

The second research objective is to conduct an action research (AR) on knowledge of SMEs' CSR because AR has a very dynamic character in the problem solving process and the numbers of SMEs are overwhelmingly higher than that of large corporations in Canada; however, there has been little attention focused on SME's CSR. In an AR, it is very important to generate "learning in actions" by utilizing collaborative knowledge and experiences contributed by all participants and researchers because the learning is coming from a repeated process of cycles. To complete this second objective, the author was fortunate to receive permission, after inquiring to many companies, to conduct action research respectively inside two local SMEs that are owned by immigrants from Taiwan since the late 90's. In reality, many immigrants land in Canada every year. Immigrants' views of CSR are getting more attention in Canada because Canada is one of top hosting countries of immigrants. Therefore, the author was able to complete the second objective, conducting an action research of

SMEs' CSR perspectives by using two local SMEs owned by immigrants as research corporations. This research objective is covered in Chapter 4.

The third research objective is to compare research results from the author's core action research and academic review of CSR. To complete this, the author examines results from the literature review and findings from core action research project constantly to look for similarities and differences. The discussion of the findings and comparisons between the literature and core action research project are covered in Chapter 5 and Chapter 6 respectively.

### **1.6 Stages of Work with Two Local SMEs**

In this section, the story of how the author helped each of the two companies with their CSR is briefly introduced. In particular, stages of work and the role of the reflective conversations are covered. Accepting the author's request of conducting action research is a brand new learning experience for both SMEs because owners and employees of both companies have no prior knowledge of action research. The author helped owners and employees of both companies to learn the new action research approach, which could be adopted by both firms to solve problems in the future if needed. At the same time, the author helps each company to create a suitable set of CSR rules because both companies did not have formal CSR rules. It is worth-noting that action research conducted inside both SMEs in this thesis is slightly different to the conventional action research, which normally has problems or issues occurred before an action research being conducted to overcome problems or issues. Since both companies have no formal CSR rules, the action research conducted in this thesis during the first stage was to encourage owners and employees of both SMEs to express their own views of CSR, to explore possible factors that induce their views of CSR and then to collaborate in creating an initial set of CSR rules that is suitable for

each company. In order to conduct action research effectively, the author had stayed at each company before conducting the action research, as an observer for two and half weeks to become familiar with their working environment and daily routine to see and sense possible issues that are related to the execution of CSR. Then, each company executed the initial set of CSR rules which were created together by employees, owners and the author collaboratively to test the suitability of the initial set of CSR rules. During the execution period, the author visited both firms periodically to observe the effectiveness of CSR rules and any possible modification of CSR rules. Then, after executing the initial set of CSR rules for several weeks, during the second stage, the author met with owners and employees of each company to listen to their feedback and to discuss possible changes of CSR rules. It is worth noting that the role of reflective conversations was used actively when the author met with participants in group and individually at every stage. In every meeting, the author initiated conversations to induce participants' intentions and willingness to think issues deeply in various point of views. For example, during the first stage, when the author asked participants to express their own thoughts of CSR, participants were asked to comment on other participants' ideas of CSR to enhance a deeper thinking of issues. The author also encouraged participants to explore possible factors that generated their CSR views and found interesting factors such as their experience, family education and others that helped formed their thoughts. This finding is covered in Chapter 4. During the second stage of action research, each participant had to express their opinions of the effectiveness of CSR rules and to suggest possible modifications if there was a need. The role of reflective conversations was able to make sure participants understood what, how, and why they learned during the action research. The revised CSR rules were executed again after the brainstorming process during the second stage. At the end of action research, a final set of CSR rules was created for each SMEs by the author and the participants from the companies together.

## **1.7 Brief Information of Two SMEs in the Thesis**

In this thesis, the author explores CSR perspectives of two local SMEs selected from two different types of industry, tutoring and renovation. Both companies are local SMEs based in greater Vancouver, British Columbia, Canada. Both companies are small companies with a small number of staff. The owners of these two SMEs are also all immigrants from Taiwan who came to Canada in 1990's. The author selected these two industries for research because the author has knowledge of these two industries. The author had experience working in the tutoring business and had hired renovation companies to renovate in the past. It is worth-noting that these two companies could be also treated as examples of a white collar business and a blue collar business respectively because one company generates income via offering knowledge services and the other company generates income via offering skilled labors. However, they share the fact that they are both businesses in the service industry instead of the manufacturing industry.

## **1.8. Chapter Organization of This Thesis**

The rest of this thesis is arranged in the following order. A literature review on CSR is covered after this introduction chapter. In Chapter 2, the author covers three major parts of the literature before reaching a brief conclusion for the chapter. They are (1) introduction of CSR, origin of CSR, and roles of governments & international corporations, (2) issues faced by firms in their execution of CSR, and (3) factors inducing CSR initiatives. Then, in Chapter 3, action research and thematic analysis which are the methodologies applied in this thesis are introduced. In particular, action research cycle and details of methods used are covered. In Chapter 4, background information of both participating SME companies is provided, including reasons why the owners set up their businesses. Other topics included in Chapter 4 are the external

environment of the business, the internal working environment, and the market analysis of the monopolistic competition market. In Chapter 5, the thematic analyses of the findings are provided. At the end of this thesis, in Chapter 6, the author briefly summarizes why, how and what have been covered in the thesis, and also provides a comparison of the findings from the core action research project and literature review. Appendixes of notes of interview contents are included at the end of this thesis.

## **Chapter 2 Literature Review**

### **2.1 Chapter Overview**

In Chapter 2, a thoughtful literature review of CSR is presented. First, the author provides definitions and nature of SMEs in the second section. In the third section, the author covers conceptualization of CSR to include (1) evolution of CSR and roles of government and international corporations, (2) antecedents of violation of CSR, (3) process: difficulties faced by firms before initiating CSR, and (4) issues faced by firms during the execution of CSR. In the fourth section, the author discusses morality, ethic and virtue because they are drivers of the CSR initiatives. Then, factors inducing CSR initiatives are covered in the fifth section. Also, CSR in SMEs is covered in the sixth section to explore CSR related issues from SMEs' perspectives. At the end of this chapter, a brief conclusion is provided.

### **2.2 The Definition and Nature of SMEs**

SMEs are independent firms and they are not subsidiaries of big corporations. It is common to use the number of employees as the criteria to classify firm sizes between SMEs and big corporations because it is objective to count number of employees. But, there is no universal standard of the maximum number of employees that could be hired by SMEs. For example, in Canada, SMEs are defined as firms which hire up to 499 employees (Government of Canada, 2012). But, according to the research conducted by Berisha and Pula (2015), in the European Union, the cap of employees of SMEs is up to 249 employees; but, the cap of employees of SMEs is up to 300 employees while using the World Bank standards. In reality, the maximum number of employees of SMEs varies among nations. The maximum number of employees of SMEs is 99 in New Zealand, 199 both in Australia and in South Korea, 249 in Japan and 499 in the United States of America respectively (Berisha and Pula, 2015).

## 2.3 Conceptualization of CSR

### 2.3.1. Context of CSR: Evolution of CSR and Roles of Governments & International Corporations

Discussions of CSR began initially in late 1920s according to Dodd (1932). CSR has become an important topic and has been highly discussed in the management fields and many other business areas including economics for many decades, particularly since the 1960s (Hopkins, 2006). Dodd (1932) in a paper titled 'For whom are corporate managers trustees' quoted the chief executive officer of the General Electric Company (GE), Mr. Owen Young's concept of what a business executive's attitude should be. Mr. Young believed that (1) "stockholders, (2) "employees", and (3) "customers & the general public" are three groups of people who have an interest in GE (Dodd, 1932, p. 1154). Interestingly consumers and the general public have been recognized as one of the key groups of people who have an interest in the corporate from the executive's view since 1929. Indeed, "*trusteeship*" is what Mr. Young used as a central theme for his speech in 1929 (ibid, p.1155). Trusteeship seems to be the best motivation to induce appropriate CSR. Stockholders and employees tie themselves directly with corporations because both stockholders' investment returns and employees' job security and incomes are subject to the performance of the corporation. At the same time, if corporations can build up a solid trusteeship they receive from the public and consumers, then the trusteeship induces further support from stockholders, commitments from employees and loyalty from consumers and the public. This helps build up a cohesive cooperation internally and externally and links the above mentioned three groups. Such a reliable trusteeship generates profits for firms and at the same time creates a positive and productive environment for all three groups mentioned above. Clearly, to include the welfare of stockholders, consumers, employees, and the general public when firms execute CSR can be so beneficial for both sides of the trusteeship.

Bowen (1953 cited in Beal, 2014, p.3) asserted that the social responsibility of

businessmen and businesswomen “...must not disregard socially acceptable values or place their own values above those of society”. Interestingly, on the other hand, Frederick (1960 cited in Beal, 2014, p.3) claimed that the social responsibilities of businessmen and businesswomen should utilize resources “...for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms”. Walton (1982) asserted that when CSR was getting more attention from the public, it was important to make sure firms earned their profits in ethical methods because “hunger for growth or for profits does not exculpate the executive from the freight of ethical obligations that every human being carries” (ibid, p. 183).

The above literature underscore how CSR from the 1920s to 1960s aimed to enhance and share of the economic benefits throughout society. During 1930s to 1960s, however, the global industry struggled as most governments around the world were busy recovering from World War I, dealing with the great depressions, facing the events of World War II and the Korean War. These global events caused many market failures. At the same time, many governments were tied to wars and were unable financially to solve pressing issues. Hence, CSR was raised and promoted as an income redistribution method contributed primarily from the private sector. The main concerns of CSR were to take care of people in society because governments were not able to provide assistance. Therefore, the general public expected corporations to take responsibilities by providing financial support for those who were in need.

Looking back even further, we can see how the evolution of role of government has changed gradually and dramatically since feudal Europe. During that era, the authorities such as local feudal lords, empires, kings and queens treated themselves as representatives from the God and owned “an absolute right to intervene in the economic and personal affairs of the common people” (Brander, 2006, p.24). As time passed, and modern democracies developed, “the primacy or sovereignty of the individuals” which had “economic freedom” and “consumer sovereignty” became the two main theoretical themes; therefore, legitimate governments had to negotiate the authority to supervise people through a “social contract to which all or almost all individuals would voluntarily agree” (ibid, p. 24). What came about was a social



contract in which individuals have the freedom to reach agreements with others and individuals also have their rights to choose their associations, business and personal, as long as their choices do not impact others in a negative way. It is important to realize that the role of government in our modern era is to “create an environment in which individuals can pursue their own objectives as effectively and efficiently as possible” (ibid, p. 24). Therefore, in our current market economy system, government intervention is limited dealing with extreme conditions, such as the scenario of market failure which may arise from “imperfect competition (or market power), externalities, public goods and information problems” (ibid, p.32). Unfortunately, nowadays, because of the complexity of issues and the intensive integration globally, the safety net role of government is declining. As a result, CSR will have an increasingly important role to play in the future. In ‘Global Corporate Citizenship working with governments and civil society’, Schwab (2008) commented that using the corporate social responsibility (CSR) to include all types of responsibilities that firms should obey was oversimplified and asserted that international corporations should develop the global corporate citizenship (GCC) for further contribution.

### **2.3.2 Antecedents of violation of CSR**

There were many violation of CSR cases which occurred in the past. For example, in Asia, people were shocked when the media reported scandals of the poisonous baby milk powder in 2008 in China (Global Voices, 2008) and the poisonous fake olive oil in Taiwan in 2013 (Central News Agency, 2013). In the poisonous milk powder case, poisonous milk powder caused kidney stones issues for hundreds of babies and some babies even died. Due to this incident, parents with infants in China lost their confidences of food safety of Chinese made powder milk. Chinese parents who are financially able would go to Hong Kong personally or with helps from smugglers to purchase foreign made powder milk to feed their babies. Huge volumes of powder milk purchased in Hong Kong in fact had caused enormous supply shortage of powder milk for local Hong Kong parents and infants. The shelves stocked with powder milk were emptied after each visit of tourist groups from China. In addition, smuggling of powder milk from Hong Kong to China also increased dramatically. The

Hong Kong authority had no choice but to limit the quantity of purchase by Chinese from mainland to two cans per visit (Global Voices, 2008). This poisonous powder milk case showed impacts and seriousness of the immoral business conduct is more than death and health threat issue for people in China. The outcomes of poisonous powder milk and its trigger effects have damaged the well-being of the people in other region such as parents in Hong Kong. Furthermore, the tension between people in Hong Kong and people in China had increased dramatically owing to the quantity limit of two cans of milk powder per person from mainland China. How could the Hong Kong Special District Authority treat people from her mother country so rudely and impolitely? Many Chinese tourists questioned. In brief, violations of CSR had caused damages and impacts even much bigger than expected initially. Regarding the poisoned fake olive oil case, which occurred during 2013 in Taiwan. The Chang Chi Foodstuff Factory Company (Chang Chi), a cooking oil maker, was investigated by the police department for its fraudulent claims of pure and high quality olive oil products. The so called 100% pure olive oil in fact had no ingredient of olive oil at all. The company had been adding poisonous green color ingredient into their fake olive oil products for years to save the costs of production. This event caused much worse outcomes than the poisonous powder milk issue in China because the initial wrong doer, Chang Chi is one of the whole sellers of oil product in Taiwan. Chang Chi sold many faked products to other oil producers such as one of the best food companies, Weichuan Food Corporation (Weichuan) in Taiwan and China. Unbelievably, Weichuan simply changed product labels from Chang Chi to its own Weichuan's labels and resold poisonous oil products both in China and Taiwan for years without verifying and re-examining quality of oil ingredients. Weichuan claimed that itself is also a victim of this immoral business conduct and denied its' involvement of committing immoral business conducts collusively with Chang Chi. It is really hard for consumers to believe that a famous big brand name company likes Weichuan trusted its' upstream suppliers so easily and did not perform periodic check-ups. Briefly, the foregoing unsafe food products have caused huge health problems for consumers in China and Taiwan for years. The amount of damages is expected to be overwhelmingly huge and is even hard to predict the actual amounts because the poisonous food such as adding chemical green color ingredient that is only for industrial usage can cause illnesses such as cancer and leave permanent damages to consumers' health forever. Immoral business conducts in food related

industries are well-known because people have higher concerns for food safety issues and have to deal with food issues every day.

In reality, immoral business conducts had occurred in many different industries such as medicine, financial and banking industries. For example, in 2013, Sanofi and GlaxoSmithKline, two famous global drug makers were under the bribery investigation in China (Fierce Pharma, 2013). In order to increase the market share and popularity of their products, Sanofi and GlaxoSmithKline paid millions of Chinese dollars to hundreds of doctors in China to support doctors' meal costs, shopping costs, research etc. Apparently, these two drug makers violated the business code by using inappropriate way to promote their products. The executives of the above two companies probably would defend their "bribery" behavior as a common business practice in Chinese society because paying meal costs or entertaining potential buyers are normal method to build up "Guangxi", or relationship in Chinese society. Apparently, it is worthwhile for corporations to clearly define acceptable common business practices, moral and legal behaviors. The strategy of defending bribery is a common business practice that has been applied by Lockheed Corporation while defending their bribery to Japanese prime minister from 1972 to 1975 was only a "common business practice" in Japan (Brander, 2006, p.52). Furthermore, collapse of Baring Bank in 1995 is another good example of immoral business conducts (BBC News, 1999). Owing to the huge trading losses done by trader Nick Leeson's unauthorized trading, Baring Bank which had more than 200 years of corporate history was out of business. In fact, there were several famous immoral business conducts cases occurred owing to the accounting frauds conducted by high rank executives' falsely inflated assets such as in the World Com case (BBC News, 2002b) and falsely inflated revenues such as in Enron case (BBC News, 2002a) respectively. Undoubtedly, in the manufacturing industry, Nike's sweatshop case which was offering lower wages and bad working conditions to labours in Asia is another example of immoral business conduct (BBC NEWS, 2002c). The Volkswagen scandal, which is about Volkswagen's cheating behaviour by intentionally installing a computer program on diesel engine cars to provide falsified emissions information, has caused a huge attention from the general public in 2015 (BBC News, 2015). It is hard to believe that Volkswagen, a well-known global company, has conducted

immoral business in such a large scale for such a long time. This scandal is not only hurting Volkswagen itself but also causing huge monetary and reputation damages to the whole car manufacture industry in Germany.

Judging from the above reviews of violations of CSR cases, the occurrence of immoral business conducts seems to be negatively related to the competition level in the market. That is the lower the competition level, the higher the occurrence of immoral business conducts and vice versa. When there are fewer firms in the market, the competition level would be lower and firms normally would have higher market power. Hence, firms pay less attention to the CSR because consumers have relatively smaller power to fight against firms. On the other hand, in a relatively competitive market, smaller firms such as SMEs have less market power and SMEs have to consider more about CSR in order to attract consumers' attentions and supports. Regarding to the relationship between market structure and CSR, the author would cover in more details in Chapter 4.

### **2.3.3 Process: Difficulties Faced by Firms before Initiating CSR**

Based on the results of the literature review, the author is of the opinion that there are basically two issues faced by firms in the execution of CSR. They are (1) time horizon issue, which is essentially staffs' short-run self-interests vs corporates' long-run group profits; and (2) definition issue, which is the absence of universal content for CSR. These two issues increase the difficulty of CSR implementation for firms, especially the second issue, which is correlated and caused by the ambiguity of CSR's definition. Since the definition of CSR is still not universal, it is hard to set up a list of contents as an execution boundary of CSR. In addition, people have their own selfish interests in mind as Adam Smith (1776) described: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interests" (Smith, 1776, cited in Brander, 2006. P. 28). When people are more concerned about their own benefit than society as a whole, the execution of CSR for firms becomes more challenging.

### ***2.3.3.1 Time horizon issue: staffs' short run self-interests and firms' long run group interests***

People who make decisions in a corporation are essential to the success of CSR executions because decision makers' ethics standards decide how they will process issues. In 'How personal can ethics get', Dench (2006), explores the ethical dilemma of a female manager who was struggling between reporting her boss's unethical behaviour and keeping silent to protect her job. These two choices indeed imply a direct conflict between her self-interests (keeping s job, getting a Green Card, receiving tuition fee support, future job opportunity etc.) and corporate interests. The female manager in the end decided to postpone her reporting to a later date after she had secured her self-interests first. According to Smith (1776, cited in Brander, 2006) considering self-interest is one major motivation that human beings concern for their actions. Conflicts of interests are more in big corporations because staff numbers are large. Therefore, how to solve conflicts between self-interests and corporate's group interests is an important issue to resolve further issues. In 'International business ethics', Tran (2010) showed how an international corporation's unethical behaviour in fact is solvable as long as the following factors such as "chief ethics officer, tone-at-the-top, and whistle-blower hotlines" are being set-up and included within the corporation (p.236). According to Tran's (2010) literature review, unethical behavior is very common in business practices because normally top executives want to see the achievement of desired outcomes and ignore the processes and methods that the employees have to achieve outcomes. Therefore, when results are more important than means for those persons who have to execute tasks, they may use questionable methods to get their desired profits or promotion results. In reality, "how" to execute every task is indeed as important as the completion of each task. Hopefully, every organization has its internal system or rules to prevent occurrences of unethical business conduct. Verhezen (2010) pointed out that moral muteness or a culture of silence regarding immoral behaviors was harmful for the company because "ethics cannot survive unless people speak their conscience" (Verhezen, 2010, p. 191). Hence, monitoring task executions inside corporations to prevent unethical conducts is important.

### ***2.3.3.2 Definition issue: the absence of universal content for CSR***

Svensson and Wood (2008) analyzed ethical contents in literature and found thirteen areas being covered. They concluded that there was a need to explore standards of business conduct with a global approach but also to interpret the standards with the consideration of local elements. In addition, Svensson and Wood (2008) suggested that the ethical contents should be changed and adjusted periodically as time passes because the standards of business conduct were evolving over time. Karnes (2009) echoed what Dodd (1932) had claimed which was the importance of employee-employer relationship to the inducement of CSR. Karnes (2009) found that mutual trust and mutual respect existed in the past but not in the present employment relationship. In the present, what the employees could have are given by “government regulation and court precedent” (p.189). Concerning the wealth of shareholder, according to Allio (2011), a firm should consider its long term competitiveness instead of short-term interests for investors and shareholders. Regarding being socially responsible, Allio (2011) also asserted that firms should consider the needs of other stakeholders such as workers, buyers, sellers and society or to apply a triple bottom line (TBL) which means the expansion of “financial accounting by adding measures for social and ecologic or environmental progress” (p. 6).

### **2.3.4 Issues Faced by Firms in the Execution of CSR**

From the above 2.3.3. section, the author explained possible difficulties firms faced before initiating CSR especially the ambiguity in defining CSR. Firms had to figure out what should be included in CSR. Unfortunately, there is no universal definition of CSR for firms to follow. Besides, in the above literature review, there were actually many stakeholders such as employees, customers, suppliers, shareholders, communities etc. and many issues like quality & safety and access of information that could to be included in the CSR. Different firms have different views and concerns. It is extremely difficult, if not impossible to list explicitly all related stakeholders and issues that are required while executing CSR. Probably, the best answer is to include any “right” persons, things and thoughts instead of “bad” things, persons and thoughts. But, what are “right” and what are “wrong”? The definitions of right and wrong seem to be varied and the answers are subjective to the decision maker’s morality, ethics, personality, educational background, ethnic, and life experiences, etc.

## **2.4 Morality, Ethic and Virtue are Drivers of the CSR initiatives**

Exploring what are the appropriate moral and/or ethical standards and how to develop a set of universal rules for business have been an important and ongoing research field in CSR. However, CSR seems to be unclear in its meaning and there is no unanimous agreement on the definition of CSR. According to Blyth (2005, cited in Taneja et al, 2011, p. 355), “there is no one definition of what it takes to be a responsible corporate. The key is to have a rigorous process for identifying those responsibilities and fulfilling them”. The results of research by Sherwin (1983, cited in Brunk, 2012, p.552) found that “the term ethics refers to a set of moral norms, principles or values that guide people’s behaviour”. Therefore, it is very difficult if not impossible to use a single meaning to define ethics. In addition, unethical or ethical is not objective; rather, it is “an individual’s subjective moral judgment of right/wrong or good/bad” (Brunk, 2012, p. 552).

Milton Friedman, a laureate of Nobel Prize in economics in 1976, on September 13, 1970 wrote in The New York Times Magazine arguing the following:

“There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (The New York Times Magazine, 1970). According to Friedman, the only CSR for a firm is the maximization of profit subject to the satisfaction of all legal, market and resource constraints. In other words, a firm should focus on how to utilize its resources and to conduct lawful business activities to maximize profits. Friedman’s above mentioned statement has been quoted frequently and sometimes inappropriately by focusing only on the profit maximization goal and the importance of satisfying constraints has been, unfortunately, ignored. In reality, while ignoring the fulfillment of the legal constraint and other constraints as requirements, firms may, while maximizing profits, commit wrongdoings intentionally or unintentionally. These wrongdoings could actually harm above mentioned trusteeships between the firms and other three groups of people proposed by Mr. Young. In particular, wrongdoings damage the trusteeship severely between a firm and its consumers & general public.

Parmer et al (2010) in their article ‘Stakeholder Theory: The State of the Art’, explored the origins and development of considering moral aspects of business conduct. By using Enron, WorldCom and Tyco events to indicate the executives’ gaps



and ignorance of business ethical conduct, Parmer et al (2010) pointed out the ethical crisis that human beings have to face nowadays is serious and there is an urgent need to overcome such unethical behaviors. Firms have to consider not only their institutional benefits or executives' benefits; but also how to co-exist and co-survive with all current or possible affected parties. It is to say, the executives have to come up with a practical solution in order to balance every stakeholder's interests while conducting their business actions. The stakeholder management approach seems to be good because of its high moral purpose; but, it requires further development to become more practical and achievable.

Taneja et al (2011) found that the British Department for Trade and Industry (DTI) has defined a socially responsible firm as following; "to be a socially responsible firm, a firm must firstly abide by the laws of the land as the laws set the minimum standard of practice. At the same time, in doing their business, firms must also consider the impact they have on the wider society they operate in, particularly on economic, social, environmental and human right issues" (p. 355). The results of the research by Winter (1992b cited in Hoogh & Hartog, 2008, p. 299) found that "moral-legal standard of conduct, internal obligation, concern for others, concern about consequences and self-judgment are seen as the five facets constituting social responsibility".

Warren (2011) in 'Are we making progress in international business ethics', evaluated the establishment of international business ethics and standards to see whether there has been progress. The author used a close family tie in India as an example to show the family influence in Indian society was more important than in western society. Therefore, it is crucial to realize the importance of relativism in international business ethics. Hence, "there are no international rights and wrongs" in ethic codes because no culture is more superior to other cultures (Warren, 2011, p.214). According to Warren's review of Walzer's (1994) publication, there are two types of morality, (1) a complex or thick one and (2) a simple or thin one. The thick morality "is rooted in local conditions and circumstances", which is a "domestic" one and the thin morality is an "international" one, which "is universal, but applies to everyone and at the same time to no one in particular" (ibid, p. 214). Therefore, it is important to keep cultural and social differences in mind while trying to setup standardized international business ethical standards. According to the author, even though some facts reflected



pessimistically of the possible progresses in global business ethics, Warren (2011) still felt positively about the progress in India because the topic of business ethics had become parts of academic curricula in business schools and also the general public is showing more concern about corporate social responsibility.

Freeman and Hasnaoui (2011) in 'the meaning of corporate social responsibility: the vision of four nations' explored the origins & development of CSR and definitions of CSR from four governments' official internet websites in order to build up a universal framework of CSR. These four countries include Canada, France, the United Kingdom and the United States. From the authors' review of academic articles, the definitions of CSR varied. For example, in the late 20s, CSR meant "business has an obligation to the well-being of society" (Clark, 1926 cited in Freeman and Hasnaoui, 2011, p. 423). Then, in the 21st century, CSR included "ethics, the environment, and social and human rights" (Vaaland and Heide, 2005 cited in Freeman and Hasnaoui, 2011, p. 423). The authors concluded that CSR definitions "are not consistent within countries" (ibid, p. 439). Freeman and Hasnaoui (2011) suggested further research should explore differences in both understanding and definition of the CSR between the general populations and the practitioners in the society. Brunk (2012), constructed the consumer perceived ethicality (CPE) based on empirical studies in order to "conceptualize" and to "operationalize" CPE (p. 555). According to Brunk (2012), "abiding by the law, respecting moral norms, being a good or bad market actor, acting in a socially responsible way, avoiding any kind of damaging behaviour, weighing up positive and negative consequences" are six themes that have been categorized as being ethical (p.556-557).

Is there a common standard of ethics among people? Do ethics change in era? According to Gick (2003) "rules of morality form a part of culture and are constantly in change" because the developing process of morality is a process of trial and error depending on whether the group adopts the individual response as the group's disposition behaviour (p.154). In modern societies, business owners have the motivation to build up a good business ethic in order to win a reputation of high reliability and trust. It is worth noting that Gick (2003) argues that "a complete ethical code can never exist because of the impossibility of knowing all the rules underlying individual action worldwide" (p.157). At the same time, Holt (2006) asserted that

there was an important linkage between the development of moral character and inducement of good business practice. In addition, moral dilemmas may be caused by possible conflicts among various right things and wrong things or legal versus illegal actions. Therefore, it is important to decide what should be the appropriate moral standards.

McDonald (2010) explored intensively the change of definitions of ethical relativism and ethical absolutism and also the differences between these two concepts. According to McDonald (2010), the supporters of ethical relativism believed that moral standards vary among people because of the differences in culture, time period and environment. They even doubted “whether there is any commonality that may over-ride those differences” (McDonald, 2010, p. 448). Proponents of relativism, therefore, believed that “the concept of rightness depends on individual or cultural beliefs” and rightness is subject to the specific contents of each unique environment. On the other hand, supports of ethical absolutism believed that moral standards were roughly the same among groups even though there were differences among groups and societies owing to social, cultural and political ideologies. Hence, according to ethical absolutism, there is a universal moral law or rule that is applicable to everyone. The results of the research found that “ethical absolutism is similar to Confucian ethics in one dimension which holds that interdependent parties must follow predetermined rules of obedience, loyalty, respect and hard work so as to optimize their mutual benefits” (Miesing and Preble, 1985 cited in McDonald, 2010, p.455).

While comparing between ethical absolutism and relativism, moral relativism seems more attractive. Even though there are some core common values or beliefs that all people should follow, people may use different approaches and methods to apply the same beliefs in order to fit people’s needs in different groups and cultures. For example, loving your family members and fellow citizens are fairly universal principles. But how these connections are actualized varies from culture to culture. In Chinese society, offering or asking for financial support to or from family members and even friends is common. But, in western society, financial support or loans among family members or friends are less common than in Chinese society. Therefore, it is unlikely to have a universal moral way applicable to all people. In addition, human beings are not homogeneous and not identical. Even though twins in the same family may look alike, their characters and personality may vary dramatically because of influences by different kinds of education and life experience. By using the famous abortion drug RU 486 which was developed by Hoechst-Roussel Pharmaceuticals, Inc.

in 1988 as an example, Badaracco (1992) pointed out that when the managers of a corporation dealing with moral dilemmas, it was tough for managers to settle all possible conflicts among various rights and responsibilities and also to satisfy everyone's needs at the same time because "what is right" has to be determined first (Badaracco, 1992, p 64)

Kelly (2010) in his article 'a Practical System for Business Ethics' presented a behaviour model without considering cultural or religious issues. According to Kelly (2010), conflicts in business ethical standards originated from conflicts in values because "values are relative" and "values are things I want" (Kelly, 2010, p. 81). Instead, people should focus on the virtue while making choices or conducting behaviours because "virtues are absolute" and "virtues are behaviours that make me good" (ibid, p. 81). Based by Kelly's logic, when people want to get what they want, conflicts occurred owing to conflicts both in values and in self-interests. At the same time, since values are relative and are judged differently in different scenarios owing to its quantitative nature, there is no absolute right or wrong. Whether it is a right or wrong conduct is subject to a multitude of conditions. But when we only use virtues as the assessment tool, then the criteria is based on the absolute qualitative nature of the conduct itself. It is therefore easier to see what conduct should be selected and executed from such a simple analysis of business conducts. To reduce unethical conduct, decision makers should consider the virtue instead of only profit.

Goel and Ramanathan (2014) who were inspired by Freeman's (1984) normative stakeholder theory cited in Parmar et al (2010) studied CSR as a concept and explored CSR in the context of business ethics. They found that "the concepts of business ethics and social responsibility have distinct identities. Yet, they are often used to refer to the same argument or code" (Goel and Ramanathan, 2014, p.50). They explored some business cases such as Enron to answer whether good CSR practices should be equaled with ethics. Goel and Ramanathan (2014) proposed that "CSR is a subset of business ethics" (p.55). From the above literature review in this section, CSR is highly influenced by morality, ethics and virtue. Morality, ethics and virtue are drivers of CSR initiatives.

## **2.5 Factors Inducing CSR initiatives**

In this section, the author focuses on the exploration of literature on the rationales of CSR execution and factors inducing CSR initiatives. In short, the author would like to know why firms choose to execute CSR. What are firm owners' concerns? What factors induce the CSR execution? In particular, do they execute CSR because of economics benefits? Is there a positive relationship between economics benefits and the CSR execution? Does a firm execute CSR because of non-economic reasons? To answer these questions, the author reviewed the following two research fields: the "impact of CSR on stakeholders and financial performance" and "factors determining CSR initiatives".

### ***2.5.1 Impact of CSR on Stakeholders and Financial Performance***

People may expect that the execution of CSR definitely induces a positive impact on a corporation's financial performance because the corporation would appear more trustworthy. Interestingly, there is no universal conclusion of the impact being positive or negative; however, most of the articles concluded that the impact was positive. Pava (2008) defended the importance of CSR by arguing against Reich (2007) who believed that CSR was just wasting corporations' resources and efforts. Pava (2008) used finding from Vogel's (2006) book titled 'The Market for Virtue' as evidence to show that "CSR has produced many positive and quite significant changes in corporate behavior" (Vogel, 2006, cited in Pava, 2008, p. 807).

"Sustainability of products, people and planet" was defined as the triple bottom-line (TBL) elements that any company had to consider while running business for long term profits (Dhiman, 2008, p.51). Dhiman (2008) concluded that for corporations, it was important to pay attention to sustainability and CSR because it was very costly for firms to ignore these two issues. Pava (2008) also agreed that government involvement was important to solve social issues and also advocated the application

of TBL reports from the corporations to the government to monitor economics, social and environmental issues strictly. But there are disagreements regarding the positive effects of TBL on firms. Norman and MacDonald (2004) critically challenged the TBL concept by claiming that “what is sound about the idea of a triple bottom line is not novel and what is novel about the idea is not sound” (ibid, p. 243). Norman and MacDonald (2004) argued that TBL in fact was just “an exciting promise” because there was no tool available to measure or report firms’ fulfillment of their obligations in those two aspects (ibid, p. 243).

Menz (2010) explored the relationships between the CSR conducts of European companies and their Euro corporate bonds with an initial expectation to see the positive relationship between CSR and “higher stock prices” (p. 117). But, unfortunately, “the relationship is marginal” (ibid, p. 117). In reality, bond prices could be affected by many other external factors, including global recession. Cortez (2011) explored sustainability and finance issues of the top 20 companies in the traded manufacturing field in the Tokyo Stock Exchange and found that publicly listed companies had increasingly complied to report environmental conservations costs. Actually, Cortez (2011) found evidence to support the positive causation relationship between firms’ CSR costs and the firms’ market & financial performances, and also the reverse causation between market & financial performance and the further rise of CSR spending. Melo and Galan (2011) used the panel data technique to measure the effects of CSR on brand value in a selected group of US corporations and asserted that CSR was more useful and better than other market indicators to increase the corporate’s brand value. Becchetti et al (2008) evaluating the relationship between CSR and the corporate performance found a partial support of the hypothesis that CSR represented a switch of “shareholders wealth to a multi-stakeholders wealth” (Becchetti et al, 2008, p. 541). Furthermore, the results from this paper also showed that CSR lead to the rise of labour costs; but “may enhance involvement, motivation and identification of the workforce with company goals with positive effects on productivity” (ibid, p.541).

Hansen et al (2011) reviewed the internal effects of CSR to employees’ trust of their

corporations by empirical studies of thousands of employees and provided evidence showing that there indeed existed a positive relationship between CSR and employees' trust of their corporations. Kanji & Chopra (2010) created, conducted and verified a model which measured the quality and commitment of CSR in the global economy. Using this CSR index, Kanji & Chopra (2010) concluded that while improving CSR, "corporations can achieve both maximization of profits and social responsiveness" (p.142).

From the above literature reviews, rationales for firms to execute CSR indeed vary dramatically. Rationales include reaping economics benefits like profit maximization & corporate brand value, good social responsiveness, higher productivity, and sustainability of products, people and planet, and the so called triple bottom-line (TBL) sustainability. These rationales should be treated as long run reasons because firms are unable to get these returns in the short run. For example, building up a good corporate brand value takes times, in years. In addition, to execute CSR, firms have to pay higher production costs. For example, in order to be concerned about the TBL, firms need to devote more funding into R&D. Firms have to incur higher costs in the short run. Therefore, it seems that firms that are concerned with CSR normally consider long run benefits instead of short run benefits.

### ***2.5.2 Factors Inducing CSR Performance***

The inducement of corporate social responsibility could be derived initially either from internal forces or external forces. The internal factors may come from corporate's mission, organizational cultures and/or sensitivities, awareness and personal characters of employees particularly managers (Bhattacharya & Sen, 2004; Rozuel & Kakabadse, 2011). Managers are treated as key players because "managers ought to understand the moral implications of a certain mode of organizing onto their employees, themselves and the organizational collective" (Rozuel & Kakabadse, 2011, p.6). The results of research by Kanungo (2001 cited in Hoogh & Hartog, 2008, p. 298) found that ethical leaders normally "engage in virtuous acts or behavior that

benefit others” and “refrain from evil acts or behaviors that harm others”. In addition, these behaviors originate from leaders’ altruistic motives instead of egoistic ones. Apparently, personal characters play a big role in leadership style and also influence leaders’ determination to execute CSR.

Regarding external forces, consumers and their behaviors should play a very important role (Brinkmann, 2004; Bhattacharya & Sen, 2004, Spencer, 2007). The results of research by Smith (1990 cited in Brinkmann, 2004, p.133) found that “consumer sovereignty can ensure social responsibility in business through ethical purchase behavior”. Creyer (1997) concluded that “consumers do take perceptions of ethical and unethical activities by business into account when buying” while conducting an empirical research for the exploration of firms’ behavior on consumers purchase decisions (p.431). Bhattacharya & Sen (2004) found results from several marketplace polls showed the existence of a relationship between company’s CSR actions and consumers’ reactions. In fact, consumer and competition in the market both induce CSR initiatives of the company and then “this positive link of CSR to consumer patronage is spurring companies to devote greater energies and resources to CSR initiatives” (Bhattacharya & Sen, 2004, p.10).

#### ***2.5.2.1 Leader and Leadership***

The evolution process of the change of leaders’ attitude plays an important role in CSR. In fact, the change of leaders’ attitudes to be more compassionate induces higher CSR performance. Leaders who have altruistic characteristics like to assist those who need assistance. Therefore leadership character may contribute more CSR to the society. In addition, high ranking offices should express their ethical vision to others such as employees, consumers and stakeholders to enhance the success of CSR execution (Badaracco, 1998). Rashid & Ibrahim (2002) examined managers and high ranking executives’ attitudes toward CSR in Malaysia and also their CSR involvements. They found “family upbringing, traditional beliefs and customs, common practices in industry, school or university training, conduct of superiors,



religious training and conduct of peers” were the seven main factors influencing CSR attitudes (Rashid & Ibrahim, 2002, p. 15). In addition, Rashid & Ibrahim (2002) also found that the attitude of executives and managers towards CSR in 2001 was reduced compared to that in 1991. It seems that the fluctuation of Malaysian economic performance had caused younger generations to focus more on survival issues. Self-interests apparently are more important than CSR when younger Malaysians have to choose between self-interests and CSR.

Hoogh & Hartog (2008) asserted the importance of a CSR (ethical organizational behaviour), leader’s social responsibility and ethical leadership. They suggested high integrity was the selection criteria of managers. In addition, based on the study by Hoogh & Hartog (2008), it is the altruistic instead of egoistic character that induces the leader’s CSR performance. An ethical leader may conduct more altruistic activities to benefit others rather than to conduct egoistic activities to harm others. What influences leaders to be more altruistic than egoistic or vice versa? The author of this thesis suspects factors such as personal character, family background, personal beliefs, religious beliefs and even the educational background may induce leaders to be more altruistic.

Galbreath (2009) in his paper ‘Building corporate social responsibility into strategy’ asserted that a firm’s mission should be known to the public in order to deliver its CSR vision and beliefs to the public. However, it was difficult to balance between a firm’s mission and the appropriate level of CSR. At the same time, identifying the appropriate market(s) is important in order to include all current and future potential buyers’ expectations into consideration. This is also referred as “*social dynamics*” (ibid, p.116). Knowing corporations’ possible resources and appropriate market are also essential for making strategy because available resources are constraints and limits that corporations have to include in the decision making process and devote resources to the market. It is corporate executives instead of other department leaders who should lead their organizations to perform CSR because top executives have to answer concerns from society and all stakeholders regarding organizational business conducts (Galbreath, 2009).



### **2.5.2.2 Culture**

Stajkovic & Luthans (1997) recognized that national cultures affected “(1) institutional factors such as ethics legislation, (2) personal factors such as values and beliefs, moral development and self-regulation and (3) organizational factors such as code of ethics” (p. 19). Stajkovic & Luthans (1997) asserted the extreme importance of national cultures because national cultures were the original stimuli that induce further reactions and changes in business ethical standards. Lopez et al (2005) conducted an empirical study to assess culture, demographic factors and influence of business education to the formation of ethical perceptions and found cultural differences in addition to other factors such as gender, area of study, and school education did affect the formation of ethical perceptions. Yeh & Xu (2010) explored unique Confucian work ethics and found Confucian work ethics used a hierarchy of respect to achieve harmony while the western way used tolerance of conflicts which was totally opposite to the Eastern Confucian style to achieve harmony. In addition, the western style and Confucian style actually influenced the respective learning process of morality in different societies.

### **2.5.2.3 Stakeholder**

Cennamo et al (2009) in their article ‘Does Stakeholder Management Have a Dark Side’, claimed that the key issue which existed in the stakeholder management approach was “how to balance the economic interests of the firm against the ethical and social concerns of stakeholders” (Margolis and Walsh, 2003; Reynolds et al., 2006 cited in Cennamo et al, 2009, p.491). Practically speaking, how to define and decide relevant stakeholders become very critical. According to Goodpaster (1991), identifying possible affected parties should be done first in order to determine any positive and/or negative outcomes to these identified stakeholders. Therefore, the whole process is to identify who the stakeholders are. Also, Goodpaster (1991), asserted that preventing any of the stakeholders’ “actual or potential influence on management’s central mission” is the key purpose of knowing stakeholders’ opinions (p. 59). Parmer et al (2010) in their article ‘Stakeholder Theory: The State of the Art’ explore the origins and development of considering moral aspects of business conduct. By using Enron, WorldCom and Tyco events to indicate the executives’ gaps and

ignorance of business ethical conduct, Parmer et al (2010) pointed out the ethical crisis that human beings have to face nowadays is serious and there is an urgent need to overcome such unethical behaviors. Corporates have to consider not only their institutional benefits or executives' benefits; but also how to co-exist and co-survive with all current or possible affected parties. It is to say, the executives have to come up with a practical solution in order to balance every stakeholder's interests while conducting their business actions. The stakeholder management approach seems to be good because of its high moral purpose; but, it requires further development to become more practical and achievable.

#### **2.5.2.4 Consumers**

Bhattacharya & Sen (2004) showed that in a contingent view of CSR, the company itself, consumer(s) and competition in the market were three factors inducing CSR initiatives of the company in issue. Interestingly, after the formation of CSR initiatives, CSR initiatives indeed generate benefits for the company, for consumer(s) and for solving issues/causes. Spence (2007) explored the research agenda on the relationships between CSR and small business in European policy in 2007 and suggested to explore further other possible factors that may induce CSR in SMEs, in particular, "*family, local community, faith community and ethnic community*" (ibid, 544). The author of this thesis will confirm these four possible factors suggested by Spence (2007) in his findings from the core action research project.

### **2.6 SMEs and CSR**

The public knows very little about SMEs' CSR perspectives. For example, it is not clear to the general public whether SMEs have CSR perspectives. If they do, what factors influence SMEs' perspectives on CSR, and how SMEs implement CSR? In this section, the author reviews literature discussing SMEs and CSR to answer the above-mentioned concerns.

Murillo & Lozano (2006) found “the development of CSR in SMEs can apparently be linked to company leadership” (p.234). Therefore, owners of SMEs do play an important role in the development of CSR. In addition, “character/values of the founder, social/economic model of the manager, competitive impact, innovation possibilities, desire to differentiate, legal regulation, and vision/mission of the company in its statute” had been identified as seven CSR drivers in SMEs (Murillo & Lozano, 2006, p. 234). A competitive market is able to induce CSR because firms in the market have to compete with each other in order to win support from consumers. Hence, consumers’ reactions induce more CSR in SMEs. Besides, satisfying legal regulation is also consistent with Friedman’s suggestion in 1970.

The results of research by Roberts, Lawson and Nicholls found that (2006 cited in Yu, 2010, p.9) “SMEs are already managing a large number of social, economic and environment impacts but do not generally use the language of corporate responsibility”. The results of other research also found that “SMEs have shown unwavering commitment to CSR in principle as well as practice”, but SMEs had their own ways to categorize CSR to fit their belief (Jamali, Zanhour and Keshishian, 2009 cited in Yu, 2010, p.9). Yu (2010) explored Swedish SMEs’ specific barriers and opportunities when addressing CSR and concluded that case companies treated “CSR as a business value and strategy”, but cases companies recognized CSR for “ethical and economic reasons” instead of legal obligation (Yu, 2010, p. 52). Therefore, even though SMEs may not use CSR as the term, SMEs seem to have contributed to CSR voluntarily for a while because of ethical and economics reasons instead of committing to CSR involuntarily by legal requirement. Mousiolis et al (2015) found that the main focus of CSR research was on large firms instead of SMES. In reality, CSR in SMEs received very limited attention from academia even though SMEs provided huge numbers of employment globally and contributed to each local economy significantly. By reviewing other research, Mousiolis et al (2015) found that “lacking public scrutiny and stakeholder attention” caused SMEs to have difficulties to implement CSR policies (p.580). In addition, there was no clear evidence to prove

the positive relationship between expenditures on CSR and firms' financial return. Therefore, SMEs were expected to be motivated more by "ethical reasons" and non-financial decision than firms' profit return while implementing CSR, (ibid, p.580). Regarding factors inducing CSR in SMEs, the results of research found that owners of SMEs were influenced by "personal feeling", "company finances", "friends and family", and "religion" (McCuen & Shah, 2007; Rodgers & Gago, 2004; Westerman et al, 2007; Dincer & Dincer, 2014 cited in Mousiolis et al, 2015, p.581).

Owners and/or founders of SMEs are final decision-makers of SMEs because they are leaders of SMEs. Therefore, owners and/or founders often use their personal thoughts and beliefs to run their SMEs. According to research by Arag'on, Narvaiza and Altuna (2016), SMEs did not behave exactly the same when developing their CSR activities because there was no standard pattern of CSR for SMEs. By using a social capital systemic approach, Arag'on, Narvaiza and Altuna (2016) conducted a case study of four Spanish SMEs in the manufacturing sector to analyze the heterogeneous social responsibility in SMEs. The social capital was defined as "connections among individuals, social networks, and the norms or reciprocity and trustworthiness that arise from them" (Puntnam, 2000, cited in Arag'on, Narvaiza and Altuna, 2016, p.367). By analyzing data collected from websites of SMEs, press releases, annual reports & documents, interviews with owners and high rank employees and direct observation, Arag'on, Narvaiza and Altuna (2016) found three factors, "owner-manager's value, stakeholder relationship and the economic situation, and its effect in the social capital of the firm", that caused the heterogeneity of social responsibility in SMEs (p.380). In particular, social capital was highly supported by "owner-manager's personal values and beliefs" and social capital was formed as a "common culture" inside the corporation to share "values and vision"(ibid, p. 371). But when owners and managers had different values, "owners imposed their values" (ibid, p. 371). The results of research by Reynaud et al. found that (2007, cited in Laguir, Laguir and Elbaz, 2016, p. 388), in SME, CEO's role was important, "their values will significantly influence the CSR policies". In addition, Laguir, Laguir and

Elbaz (2016), expected that family SMEs would consider less CSR activities than non-family SMEs because SME owners protected their own benefits while judging from the self-interest perspective. In contrast, family SMEs were expected to consider more CSR activities than non-family SMEs according to the stewardship perspective because maximization of firms' well-being were beneficial for firm owners and employees. Laguir, Laguir and Elbaz (2016) found that the family SMEs contributed more than the non-family firms in areas of "support of, communication and dialogue with local communities; and innovations to solve social or environmental issues", but, on the other hand, non-family SMEs contributed more in "health and safety areas" than what family SMEs did (p. 392).

Myung, Choi and Kim (2017) explored effects of CEO's negative traits on CSR by running regression analysis of data which were collected by survey questionnaire of 165 responses from Korean firms. Around thirty-nine percent of firms were SMEs. In this 2017 paper, Machiavellianism, psychopathy and narcissism were defined as negative traits because they could influence CEO's CSR decision processes negatively. Research results of Myung, Choi and Kim (2017) indicated that two of three negative traits, Machiavellianism and psychopathy, did influence CEO and employees significantly. This research affirms that the role of CEO is important to the execution of CSR except the influence is in a negative way because "the stronger the CEO's Machiavellianism and psychopathy traits, the less likely his or her employees is to perceive the importance of ethics and social responsibility" and also "the less likely his or her organization is to execute CSR activities to employees" (Myung, Choi and Kim, 2017, p.9-10). However, narcissism did not show significance in the regression results.

Gao, Hafsi and He (2017) explored the relationship between business owners who had achieved social status (AcSS) and corporate philanthropy(CP) by running regression analysis of data collected in 2008 from a Chinese nationwide survey of private firms

with 2019 firms as final samples. A business owner's AcSS is expected to be influenced by four factors, which are "his or her income, education, political ties, and individual donations over time" and the CP is calculated by "the total value of a firm's donation in RMB in 2007" (Gao, Hafsi and He, 2017, p.283). Political ties depend on business owner's rank when acting as a representative at the People's Congress in China. Gao, Hafsi and He (2017) found that "business owner's AcSS has a significant and positive effect on CP" (p.289). Specifically, based on regression test results of hypotheses, owner's income, political ties and individual donations were positively related to CP; but, education was not a significant factor to affect CP. In fact, philanthropic responsibility was one of four parts of definition of CSR covered in the well-known Carroll's pyramid of CSR, which was published in 1991. Carroll (2016) commented on the pyramid he created and explained further usages of the framework. Regarding to the philanthropic responsibility, he commented that "philanthropic responsibility is more discretionary or voluntary on business's part" and "business giving is not necessarily expected in a moral or ethical sense" (Carroll, 2016, p.4). Hence, a firm that performed philanthropic responsibility was treated as being a good corporate citizen which was on the highest part of the pyramid of CSR. In addition, beneath the philanthropic responsibilities, there are ethical responsibilities at the second highest level, legal responsibilities at the third highest and economic responsibilities at the bottom of the Carroll's pyramid of CSR.

National culture may influence CSR. Pedrini, Bramanti and Cannatelli (2016) used ordinary least squared (OLS) regression to analyze data collected from 60 immigrant SME entrepreneurs running business in the area of Milano, Italy and found (1) a negative relationship between the adoption of CSR initiatives and national cultures characterized by high individualism, which represents "pro-activity towards others" and (2) a negative relationship between the adoption of CSR initiatives and national cultures characterized by power distance, which represents "the level of inequality accepted by people of a given country" (Pedrini, Bramanti and Cannatelli, 2016, p. 764). Research found by Pedrini, Bramanti and Cannatelli (2016) indicated that CSR

initiatives would be lower when national cultures tolerated high individualism and power distance. When people care more about themselves and care less of inequality, they do not care about social interests and CSR.

From the above literature review, it seems that SMEs do have CSR perspectives even though SMEs may have used different terms to implement. More importantly, there is no standard CSR pattern because of the heterogeneity on SMEs. At the same time, there are so many different factors that influence SMEs' perspectives on CSR. For examples, business owner's personality, values, beliefs, family member, education, social status, religion, competition level in the market and even CEO's negative traits.

## ***2.7. Conclusion***

From the above reviews, undoubtedly the majority of CSR studies focused on big corporations. There was only very limited CSR research on SMEs. In the previous section 2.5, the author conducted review of CSR on SMEs and realized several factors that induced CSR on SMEs, in particular, owners of SMEs. However, factors that induce CSR have not been studied as much as in SMEs owned by immigrants. Hence, there is a need to explore factors inducing CSR in SMEs owned by immigrants.

Also, definitions of CSR are still ambiguous in big corporations and it seems to be difficult to reach a unified consensus especially if you are a believer in moral relativism. Lacking an accepted universal definition of CSR and missing objective measurable standards for CSR are weaknesses of the development of CSR because different organizations may have different subjective views and organizational cultures to affect their understanding, attitudes, and executions of CSR. But, at the same time, the existence of divergences in CSR definitions has expanded the scope of CSR and allowed it to include more responsibilities into consideration. Certainly, the importance and impact from corporations' conducts are rising. Missing an objective

measurement of corporates' social and environmental performances seems to provide flexibility for firms to apply subjective approaches for satisfying corporates' uniqueness. So, diversity seems to be emerging and enriching the further development of CSR. Because of the above complexities in unifying a CSR definition for big corporations, investigating CSR knowledge in SMEs will not only help in understanding more about SMEs' CSR but also provide a different approach in the development of CSR in SMEs.

Using law and government regulation as the minimum CSR seems to be practical because law and regulation have been treated as the minimum acceptable ethical standard. Therefore, violation of law and regulation is both a criminal behavior and immoral behaviour. Using law and regulation as a minimum acceptable level of CSR at least has set a standard for the minimum CSR level. Besides, it is easy to determine whether firms have violated the minimum CSR because the criteria are based on an objective standard: law. In reality, when firms violate and cross this legal boundary, corporates activities will be labelled as "simply bad business" (Creyer, 1997, p. 344). The results of the research by Clement (2006, cited in Brunk, 2012, p. 552) showed that "only companies that had violated the law were categorized as unethical". As a result, law and regulation could be used as the minimum level of CSR.



## **Chapter 3: Methodology**

### **3.1 Chapter Overview**

In this thesis, the author applied action research (AR) as a research methodology. Here is the structure of this chapter: After this introduction, the author will explain his reasons for selecting case study as the research approach. Then, in section 3, the author introduces AR briefly and then discusses the development of the author's first person learning of scholarly practitioner. In section 4, the author explains the relationship among literature review, core action research project and the thesis writing. In section 5, the author briefly introduces action research cycle suggested by Coghlan and Brannick (2010) and applies action research cycle into the core action research project in this thesis by explaining briefly what was done at the pre-step and the four main steps. In section 6, the author covers issues of ethics and includes the participant consent form at the end of thesis. At the end of this chapter, details of methods are introduced. In this section, the author briefly introduces techniques, instruments, participants, thematic analysis and definition of each theme collected in action research.

### **3.2 Case Study as the Research Approach**

According to Creswell (2007), case study is a “qualitative approach in which the investigator explores a bounded system or a case or multiple bounded systems or cases over time through detailed in-depth data collection involving multiple sources of information and reports a case description and case-based themes” (ibid, p. 73). In this thesis, the practice-based problem explored by the author is whether SMEs have CSR perspectives. If SMEs have CSR perspectives, then, a series of three questions are asked. (1) What factors influence SME's CSR perception? (2) What are SMEs' CSR perspectives? (3) How would SMEs implement their CSR? To explore the above three questions, the author conducted case studies of two local Canadian immigrant

family-based corporations in the greater Vancouver. To better understand each company, the author observed each corporation's daily operation for about three weeks by staying physically at each company as an observer to see their daily operation. The author found that both SMEs did not have any explicit CSR rules. Then the author combined observation results with his existing knowledge of industries to conduct interviews with employers and employees of both companies. At the initial private interview period, the author encouraged each participant to think thoughtfully about his/her own CSR perspective, factors that influence his/her CSR perspective, and also critically commented on other participants' perspectives of CSR. The author found that owners and employees of SMEs were aware of CSR, but had varied perspectives due to ambiguous CSR definition and different backgrounds and experiences. During the collaborative brainstorming process, the author and participants in each company created a unique set of CSR rules fitted for each company as a result of the first action. Then, following the evaluating action process, the author and participants from each company started the second cycle of AR process in each company with a new modified action. At the end of second cycle, participants in each company were all satisfied their action results and did not proceed the further third cycle of AR.

### **3.3 Action Research (AR)**

#### ***3.3.1 What is Action Research (AR)?***

Action research (AR) is a unique research type because of its' dynamic character and democratic character in the generation of solutions and the problem-solving process because "*action, research, and participation*" are three elements to compose an AR (Greenwood & Levin, 2007, p.6). Indeed, AR utilizes researchers' and all participants' knowledge, experience and contributions and an absence of any one of the above three elements may cause the failure of an AR. Moreover, the results of research by

Shani and Pasmore asserted that AR “*is an evolving process that is undertaken in a spirit of collaboration and co-inquiry*” (1985 cited in Coghlan and Brannick, 2010, p.4). See Figure 1.

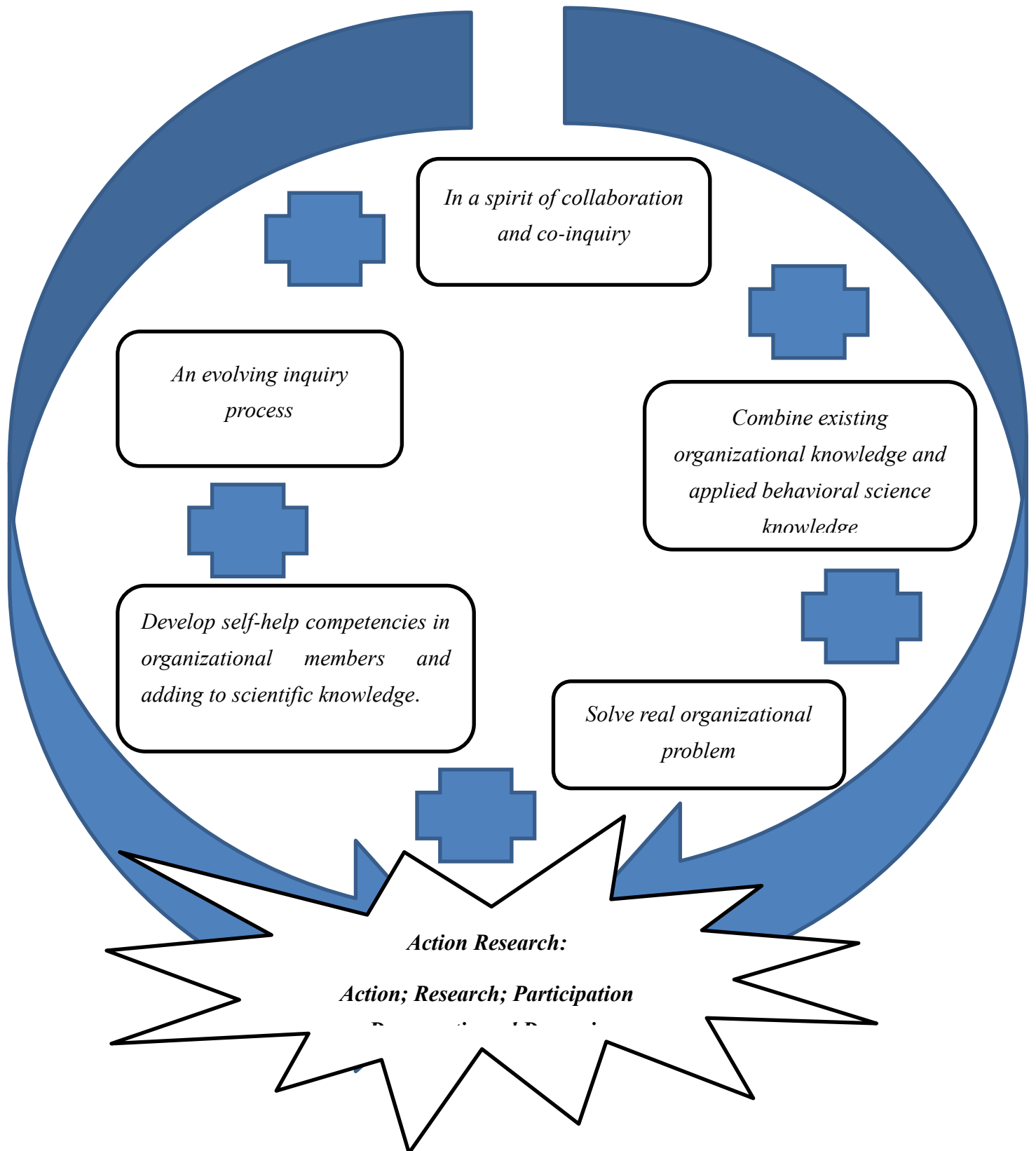


Figure 1: *Key Characteristics of Action Research*

### ***3.3.2 The Author's First Person Learning of Scholarly Practitioner Development***

I learned the term, scholarly practitioner, for the first time when I studied the first module course, doctor practitioner, of this DBA program several years ago. Before studying this DBA program, I pursued graduate school in the economics field in a conventional method which mainly focused on pure academic modeling & theoretical research instead of research on solving issues practically. During the module learning process, I had gradually developed my thought toward scholarly practitioner. Most importantly, I thought about how to be a scholarly practitioner which could balance the academic rigidity and practicality simultaneously. In short, I wanted to apply my learning to practically solve real problems. Therefore, before conducting the actual action research, I only thought and learned how to think and behave like a scholarly practitioner. It was until conducting the core action research of this thesis that I had the chance to become an actual scholarly practitioner solving real problems with my learning.

To conduct action research effectively, I explored and learned renovation industry, tutoring industry and the monopolistic competition market structure before conducting the action research. Then I went to each company before conducting the action research as an observer for two and half weeks to be familiar with their working environment and daily routine, to compare with what I had explored from each industry and what I observed at each firm, and to see & sense possible issues that are related to the execution of CSR in each firm. During this research period, I learned from new ideas generated as a result of exploration and observation because new ideas were different from his initial ideas and thoughts. For example, initially, I expected companies in renovation industry and tutoring industry would compete significantly in their own industry because there were many firms in each industry. But, in a reality, competition and cooperation both existed. The case company in the renovation industry cooperated with other firms to complete in many bigger projects because of time constraint and shortage of staffs. This type of cooperation was an unwritten rule of team work in the renovation industry as helping others during the peak season is a key to getting more business and further help from others at later

dates. I also found out why owners of *Company B* would use labour from family members instead of outsiders because of trust issues and a high employee turnover rate. Outsider employees often quit jobs after a short period of employment. When outsider employees think they have learned enough about what they need to set up their own businesses, they sometimes even quit their jobs before they had built up solid skills and understanding of the field. Then, the former employee enters the renovation market to compete in getting business with the former employer in the market. This also explains why, not surprisingly, there are so many small companies in the renovation industry. At the same time, the case company in the tutoring industry cooperated with tutors and tutoring companies to share resources, such as classrooms and even to share students when one firm had no courses which fit students' need.

In addition, I also conducted literature review to explore different aspects of CSR such as the origin of CSR, definition of CSR, antecedents of violation of CSR and factors inducing CSR in general and CSR in SMEs. Since both companies had no formal CSR rules, the action research conducted in this thesis, was to encourage owners and employees of both SMEs to express their own views of CSR, to explore possible factors that induced their views of CSR and then to collaboratively create within each company an initial set of CSR rules that are suitable for each company. During this period, I learned many other new ideas and thoughts because new ideas were different from his initial ideas and thought. For example, while conducting literature review of factors inducing CSR, financial performance was expected to be one of the factors inducing CSR initiatives. But, from personal stories shared by owners and employee of both SMEs during interviews, financial performance was not a factor. For example, one of owners mentioned that his observation of brutal killing of pigs in the childhood lead him to become a vegetarian because he did not want animals died for his consumption. Furthermore, owing to this experience, the same owner had generated the thought that human beings should respect other human beings and animals since his childhood. He kept this belief in running his business and treated people sincerely without cheating. Another owner mentioned that his family education in childhood did change him dramatically. He learned it was important to support and to help those who are in need such as beggars. Without

hearing these stories directly from participants of action research, I would never had thought about the importance of experience in childhood and family education in the childhood were so big and powerful in shaping a person's morality and value judgement and to form CSR in SMEs. Furthermore, in general, maximization of profits was treated as the priority for many firm owners. But, owner of one case company said making money was never his priority of running business. In fact, helping people was his major intention when he set up his company. Another owner of SMEs even said running business was to generate funding to support his family and to support his goal of promoting Taoism in Canada. I was not expecting to hear such kind of altruism because it was so rare to have people with such kind of character in a highly materialized world.

In general, I learned the importance of balancing the academic rigidity of research and actual problem solving. In addition, keeping an open mind to observe, to listen and to include participants collaboratively can generate useful solution to overcome real-life business issues. To sum up, using action research methodology, I explored whether SMEs had CSR knowledge. From analyzing the results generated in this action research, I found factors inducing CSR in SMEs and also SME's CSR perception.

### **3.4 The Relationship Among Literature Review, Core Action Research Project and Thesis Writing**

In this section, the author covers the relationship among the literature review, core action research project and thesis writing. Regarding the literature review in this thesis, a historical review approach has been applied to explore literatures in CSR and related issues. It is worth-noting that most of the CSR literatures focused on large corporations instead of SMEs. At the beginning part of literature review, the author covers conceptualization of CSR to include (1) evolution of CSR and roles of

government and international corporations, (2) antecedents of violation of CSR, (3) process: difficulties faced by firms before initiating CSR, and (4) issues faced by firms during the execution of CSR. Then, the author discusses morality, ethic and virtue because they are drivers of the CSR initiatives. Besides, the author reviews literature discussing factors inducing CSR initiatives and also literature exploring CSR in SMEs understand CSR related issues from SMEs' perspectives.

Then, an action research was conducted to find SMEs' CSR perspectives. By exploring from SMEs' pragmatic view, the author of this thesis found ambiguity in CSR definition was also an issue in SMEs because owners and employees did not have the same perception of CSR. However, conflicts between staffs' short-run self-interests and corporates' long-run group profits did not exist in SMEs. Higher similarity in value judgement between owners of SMEs and lesser employee number actually reduced the possibility of conflict of interests.

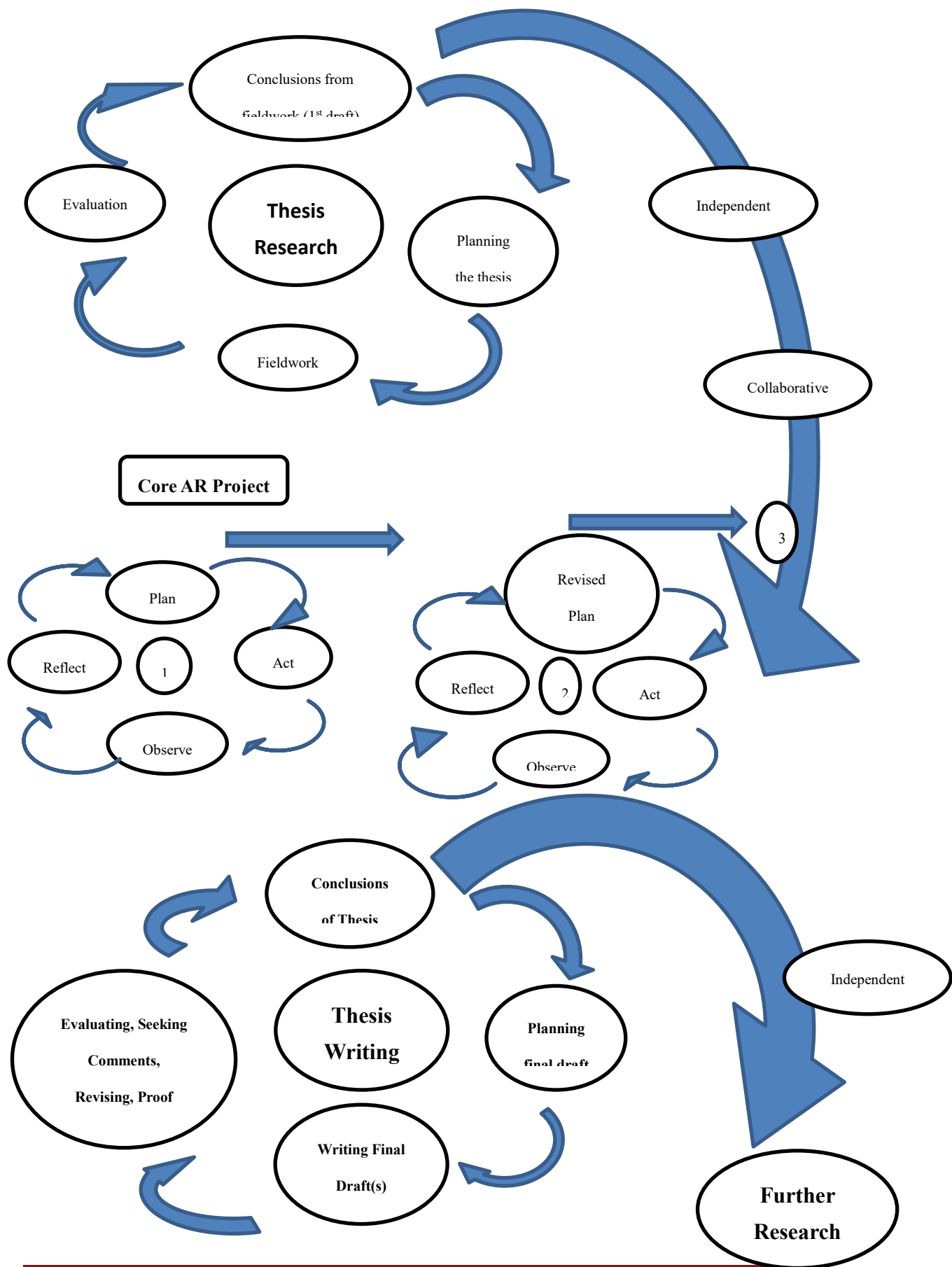
Exploring the execution of CSR from SMEs perspective via action research is the key concern in this thesis. The author was able to compare between rationales that literature suggested in the execution of CSR and reasons that were found from business owners of SMEs in case studies. In addition, the author also wanted to know the differences and/or similarities between factors inducing CSR initiatives suggested by literature and the actual initiatives that owners of SMEs had in mind. In short, the author would like to know factors influencing SMEs' CSR perspectives, SMEs' perspectives on CSR and how SMEs implement CSR.

To sum up this section, a historical literature review provides us useful theoretical CSR concepts, possible issues and problems that firms may face in the execution of CSR and also possible factors that induce CSRs. The author utilized what he learned from literature review and applied it to the core action research project. In the action research project, the author put what he observed in firms, markets and industries and also the learning from the literature review together to explore SMEs' CSR perspectives. From interviews with each participant of the core action research project,



the author identified factors influencing SMEs' CSR perspectives and also created CSR rules collaboratively with participants. See Figure 2.

Figure 2: The relationship between thesis research, core action research and thesis writing (Perry and Zuber-Skerritt, 1992 cited in Zuber-Skerritt and Perry, 2002, p.177 with some modifications)



### 3.5 Action Research Cycles

#### 3.5.1 *Theory of Action Research Cycles (Coghlan and Brannick, 2010)*

In this section, the author will follow closely what Coghlan and Brannick (2010) has defined regarding the requirements of action research as guideline for evaluating details of the Action Research. According to Coghlan and Brannick (2010), when doing an action research in an organization, an action research cycle should include a pre-step and four main steps. In the pre-step, “content and purpose” should be understood because the main purposes are (1) to understand the necessity and desirability of the project, (2) to know what external forces that are driving change and (3) to know what are internal forces driving change. Also, building up relationships with business owners to conduct action research is important in the pre-step.

According to Coghlan and Brannick (2010), “constructing”, “planning action”, “taking action”, and “evaluating action” are four main steps in action research cycles (p.8). The constructing step is a “dialogic step” and is a “collaborative venture” which means that the action researcher should “engage relevant others in the process of constructing and not be the expert who decides apart from others” (ibid, p.9). At the planning action step, “what type of change is at stake in your insider action research initiative” is the key question that should be asked (ibid, p.65). At the taking action step, “the plans are implemented and interventions are made collaboratively” (ibid, p.10). At the evaluating action step, the purpose is to review the outcomes of the action whether they are expected or not. Moreover, the evaluation step should evaluate whether “(1) the original constructing fitted, (2) the actions taken matched the constructing, (3) the action was taken in an appropriate manner, and (4) what feeds into the next cycle of constructing, planning and action”(ibid, p10). See Figure 3 for a general idea of spiral cycles and see Figure 4 for key concepts in each step.

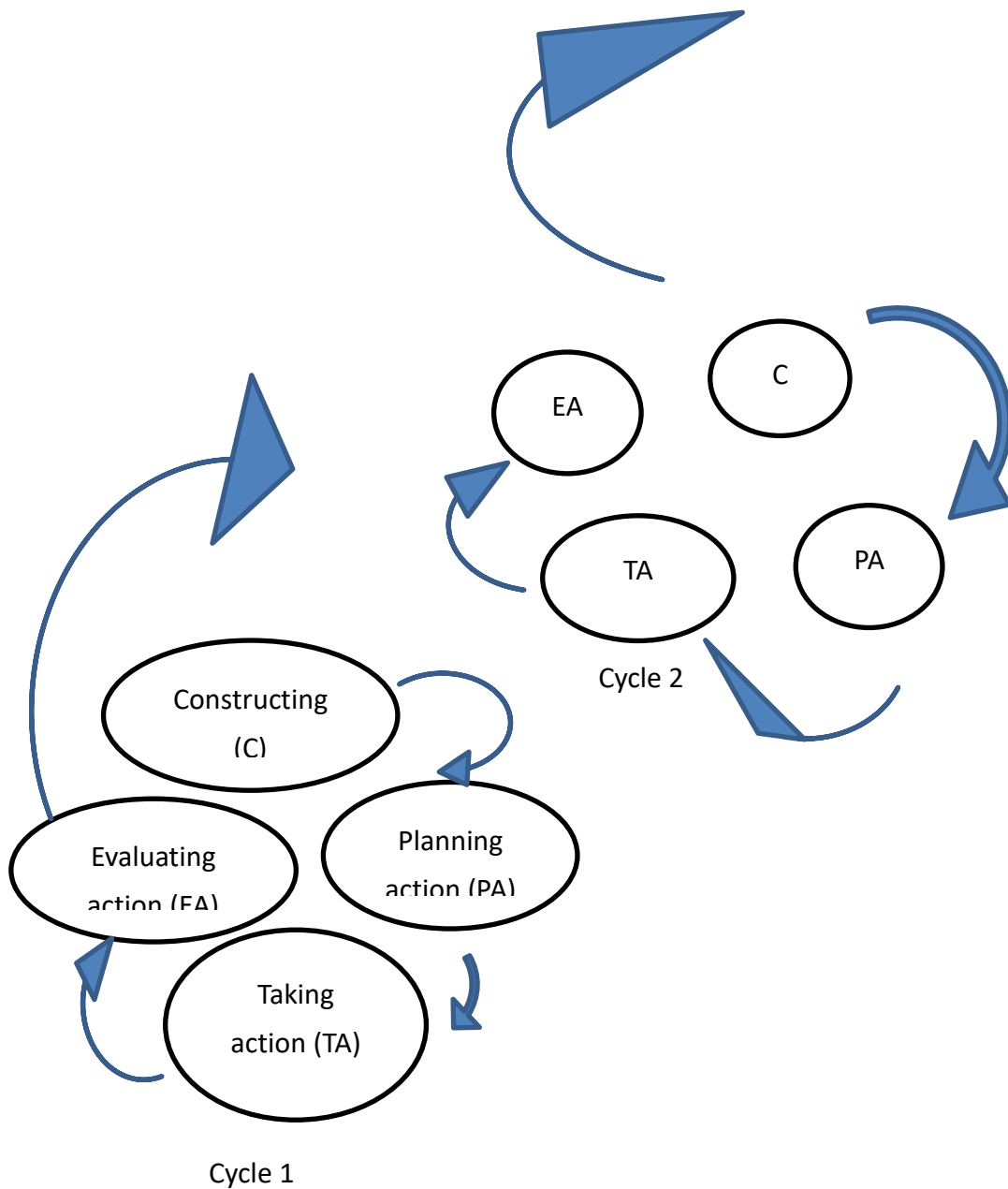


Figure 3: Spiral of action research cycles (Cited from Coghlan & Brannick, 2010, p.10 with some modifications)



Figure 4: Key words at each main step in action research cycle

### ***3.5.2.1 Pre-step in Core Action Research***

It is always disturbing to learn of occurrences of immoral conduct by businesses. In many cases, firms violate the law and regulations while committing immoral business conduct. As an academic practitioner, it is necessary and desirable to explore this serious issue. In the pre-step, in order to explore these CSR issues, the author needs to have connections with local business owners, earn their trust and receive their permission to conduct action research. Many SMEs do not accept the author's requests because they do not want to be exposed under the spot-light. Fortunately the author has permission from two SMEs that agreed to participate in this research after the inquiry. See Figure 5.

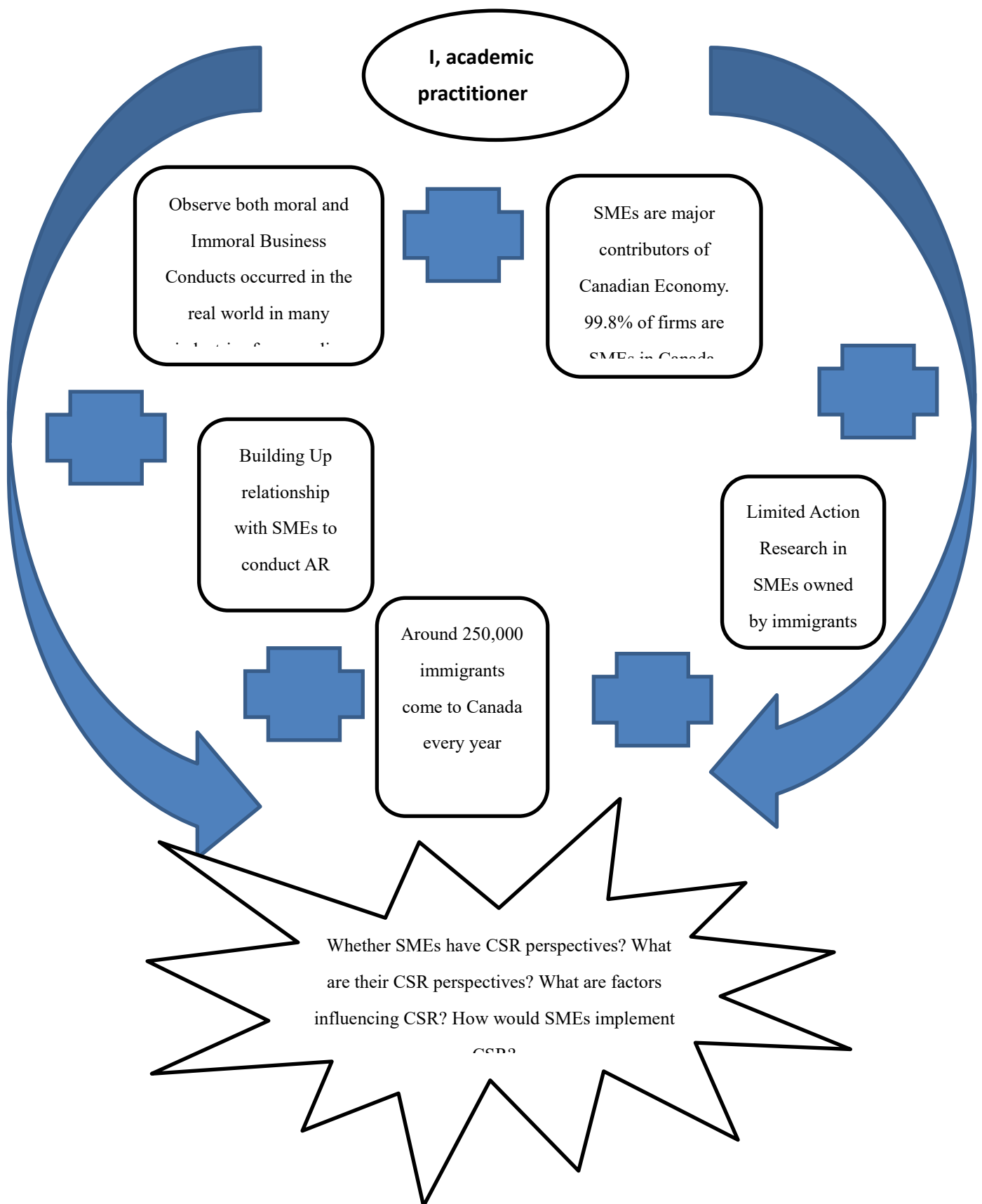


Figure 5: The Pre-step in Core Action Research

### ***3.5.2.2 Four Main Steps in Core Action Research***

#### ***Step 1: Constructing***

In this thesis, the author only focuses on issues related to SME's CSR perspectives. In other words, instead of exploring all possible issues in *Company A* and *Company B*, the author only paid his attention to CSR issues the firms might have. The author stayed about three weeks at each company to observe their methods of dealing with clients, managing the company and the interactions between staff and employers before conducting action research. The author therefore, has existing organizational knowledge from our observations.

To start the dialogue, the author had meetings with business owners and the staff of both *Company A* and *Company B*, and met individually to learn (1) their thoughts and understandings of CSR, and (2) the actual CSR rules that they have in their organizations. The detailed scripts of collaboration and co-inquiry are provided in the appendix. Not surprisingly as the author predicted, the owners and staff of *Company A* and *Company B* in the research did not have clear definitions of CSR due to the ambiguity of CSR definitions and also the small size of each company. In fact, different participants had different understandings of CSR concepts. Some participants treated CSR as an equivalent term to morality while others treated CSR as ethics or as virtue. It is worth noting that owner of *Company A* (a tutoring school) simply defines his CSR concept as “doing the right thing to help people (students and their parents) in need”. But, owners of the *Company B* (a renovation company) define CSR concepts as “Hou Dao” which means being “honest, kind, virtuous and sincere” in Chinese. There was an understanding gap of the meaning of CSR between employers and employees in both companies because they did not have exactly the same ideas. Apparently, the inconsistency and no universal definition of CSR have answered the second question mentioned above. Both companies have no official CSR rules within their organizations.



To encourage their participation and to get rid of their worries and defensiveness, the author continued inquiries with an appreciative tone to employees and employers and pointed out great things that we have observed. For example, owners and staff in both companies were nice to their clients. In most cases, their clients were happy when they left from the author's observations. For company A, clients paid their tuitions either fully or partly as down payment to get their arranged services with smiles and gratefulness. Therefore, instead of pointing out defects that the author observed such as inconsistency of discount to clients, the author asked them to get their feedback and to point out possible improvements they could implement. From their feedback, the author and participants decided together the possible actions to improve their CSR performance.

### ***Step 2: Planning Action***

Based on my observations of business activities internally within each company and externally in the market and also information collected from interviews with participants, the author and participants decided together to set up a set of CSR rules fitting *Company A* and *Company B* to improve both firms' CSR performance. In other words, we, the author and participants, chose an action at this step, which was to develop suitable CSR rules for each company using the collaborative brain storming process. Development of a set of CSR rules was beneficial for both companies because both of them did not have formal set of CSR rules. A formal set of CSR rules provides a clear CSR guideline for employees to follow and to prevent any ambiguity while conducting CSRs. However, the need to have a set of CSR rules seemed to be more urgent in *Company A* because there were more staff in the company and the staff were not relatives with close ties. Therefore, the initial action in *Company A* was to create an internal CSR rule and to follow a CSR rule to treat customers. The in depth records of this stage are included in the Appendix. In contrast, for *Company B*, the relationship between owners was husband and wife. Workers were either the owners' father or owners' sister or additional subcontracting professionals. The male owner of the *company B* was the one with authority to decide what should be done at what price. Creating an internal set of CSR rules was not an urgent task for *Company*

*B* because the male owner was the only decision maker. The male owner used to make every decision, without exception. However, because of the male owner's absolute decision power, the process of finalizing a business contract was slow, particularly in the high season of renovation in the summer. Everything had to be decided by the male owner and only the male owner. Hence, the initial action in *Company B* was to create a rule so the female owner could help share the decision making responsibility.

### ***Step 3: Taking Action***

As was mentioned in the above step, for *Company A*, creating an internal CSR rule to prevent ambiguity of understanding and also to follow the CSR rule were the initial actions. Therefore, the author met with the owner and the staff of *Company A* individually to collaborate in creating internal CSR rules. Then, *Company A* applied the rules to situations where there were CSR concerns. For *Company B*, after the collaborative brain storming process, the male owner decided to let his wife handle any incoming projects that were less than \$3,000 Canadian dollar (CAD) in values. According to *Company B*'s past record, about 60% to 70% of their incoming projects valued at less than \$3,000 CAD. Therefore, this shared authority rule seemed practical and effective to help increase the speed of the quotation process.

### ***Step 4: Evaluating Action***

At this step, the author reviewed with the participants of each company the effects after adopting the initial action. If the effect was not as good as expected, the author would repeat the above mentioned four steps until having achieved a better result. The detailed contents of interviews are provided in the appendix.

To sum up the four main steps, the author has to admit that reflectivity is a challenge in conducting action researches. After the inquiry process, the author has to digest facts he observed, and then apply the scenarios to the practical knowledge the author

has in mind and finally to provide some useful feedback, solutions or methods aimed at solving the issues. In this action research, the reflection process was continuous and the outcomes of reflection indeed varied as time passed. As an action researcher, the author realizes that it is important to be sensitive to both changes in internal and external environments and also has to treat issues seriously and personally like his own concerns in order to solve issues pragmatically and to meet the real needs of people and company involved.

### **3.6 Issues of Ethics**

Regarding the ethical issues in both the action research and in a good life, there are two different views. Some people believed that in both scenarios the ethical issues should be the same because “action research has an unfolding nature as it attempts to integrate inquiry with every day organizational action” (Coghlan & Brannick, 2010, p. 132). On the other hand, others argued that differences exist. For example, the results of one research found that differences should be grounded in “principles of democracy, justice, freedom and participation” (Eikeland, 2006b, cited in Coghlan & Brannick, 2010, p. 132). According to Williamson and Prosser (2002, cited in Coghlan & Brannick, 2010), ethical questions may exist between the action researchers and participants in three scenarios. Issues that may arise in scenarios include (1) the preservation of “confidentiality and anonymity” when researchers and participants collaborate closely, (2) the meaningfulness of “informed consent” in a “journey and evolves case” and (3) the “avoidance of harm to participants when the action research has the political consequences” (ibid, p. 134).

To prevent occurrences of ethical issues in this action research, participants from two SMEs have signed their consent forms. See Form 1 in the appendix. In addition, based on the participants’ intention and request, the author can take written notes; but can’t conduct recording of interview in image nor voice. The author also can not reveal participants’ identities/real names. To comply with their intention and request, the author only uses symbols such as A1, A2 or B1 and B2 etc. to represent each

individual participant. Besides, the research field is limited to CSR issues. The author is not allowed to view financial records, invoices, or to bother their clients. In general, participants just want to attend this action research in a quiet environment because it is the first experience they have being involved in research. While conducting the action research, the author only explored possible issues related to CSR and did not involve any other issues unless requested by owners and employees of two SMEs. Also, to prevent ethical dilemmas, the author also followed four rules. They were “(1) serve the good of the whole, (2) treat others as we would like them to treat us (3) always treat people as ends, never only as means; respect their being and never use them for their ability to do; treat people as persons and never as subjects (4) act so we do not increase power by more powerful stakeholders over less powerful” (Gellerman et al, 1990 cited in Coghlan & Brannick, 2010, p. 134). To sum up, the author’s intention was to prevent any possibilities of causing internal disputes or harm to any participants.

The initial research focus of this thesis was to conduct an online survey to collect participants’ response to CSR questions. This current version of thesis had evolved the research focus slightly from its initial focus for two reasons. The first reason was a time constraint issue. It takes time to conduct an online survey targeting customers of a specific product or specific company in addition to the extreme difficulty in identifying consumers. The second reason was to satisfy the action research requirement suggested by the research supervising committee.

### **3.7 Details of Methods Used**

#### ***3.7.1 Techniques, Instruments and Participants***

In this thesis, the author conducted two types of face-to-face oral interviews to collect responses from participants. The first type was private meetings with each participant individually in a separated room to make sure interview contents were confidential between the author and each participant. As a result, no participant knew what other participants had said specifically. The second type was group meetings with all

participants in each company to communicate fully regarding actions, action results and suggestions for modifying further actions. In the group meeting, all participants knew what contents had been covered and they worked collaboratively to modify action contents for the next run of action. It is worth noting that while collecting responses from each participant, the author encouraged each participant to express his/her own opinions regarding the questions and also to comment on others' responses. Using this cross examining process, the author induced each participant to think critically about questions and responses.

The only instrument used in the interviews was laptop. In this thesis, based on the participants' intention and request, the author can take written notes; but can't conduct recording of interviews in image or voice.

The total participants in the core action research were nine people including the author. There were six participants from Company A, the tutoring company. They were A1 (Mr. L) who is the owner, A2 (Mrs. L) who is the wife of A1, A3 (staff 1), A4 (staff 2), A5 (staff 3) and A6 (staff 4). All participants from Company A were immigrants from Taiwan. They were all Canadian citizens except A6 because A6 just moved to Canada about 3 years ago and her other colleagues had been in Canada for more than 15 years. Both A3 and A4 have worked for more than 10 years and A5 has worked for about 8 years at the company A. A6 was a junior staff because she just joined Company A about 2 years ago. Also, there were two participants from Company B, the renovation company. They were B1 (Mr. C) and B2 (Mrs. C). They were Canadian citizens who migrated from Taiwan in late 1990s. A detailed introduction of both companies and participants would be covered in Chapter 4.

### ***3.7.2 Using Thematic Analysis as the Method for Interpreting Qualitative Data***

In an action research, the spiral of action research cycles is the main feature because issues maybe unable to be solved in one action. Or an identified issue in fact is not a

serious issue in the first cycle. Therefore, the spiral of action research cycles may generate a huge volume of data collected from dialogues among participants. Thus, it is challenging in analyzing data collected from a qualitative case study via the action research approach. In this thesis, the thematic analysis had been applied as the method for interpreting data. Using thematic analysis to categorize seemingly unrelated data into different themes the researcher was able to utilize all qualitative data collected from action research and to gain knowledge under each theme (Braun & Clarke, 2006).

Thematic analysis is a flexible method to analyze data because data is analyzed on themes instead of other factors. After re-examining interview data for many times, the author found the following six common themes from both companies that related to CSR perception in SMEs. They are (1) business owner's background and characteristic, (2) attitudes of employee, (3) similarity among employees and/or similarity between employees and employers, (4) size of company, (5) type of business market structure, and (6) support from existing clients.

### ***3.7.3 Definition of Each Theme***

The following are definitions of each theme. First of all, regarding the owner's background, the author explored the male owner's background and characteristic in the core action research project. Background information of the owner's wife was not covered because of the following three reasons. Firstly, both companies were set up by their respective male owner and records on official document were also under the respective male owner's name. Secondly, it was the male owner's decisions that had the largest impact in each company. Thirdly, according to the traditional Chinese culture, wives normally play a supporting role instead of an active decision making role in the family. It is worth noting that the author used a very broad view to include all possible influences/factors that may mold business owner's background and characteristic. Exploring these influences/factors was important because business owner of SMEs plays a key role to the execution of CSR. In particular, factors such as

family education, sympathy, religion, life experience and goals of life are all extremely important in influencing business owner's decision from this core action research.

Secondly, regarding the attitudes of employees, the research focus was on deciding whether employees had positive attitudes about the execution of CSRs or not because the employees' willingness to participate and to contribute are essentials for the execution of CSRs.

Thirdly, regarding the similarity among employees and/or similarity between employees and employers, the author had a very broad view when comparing background factors such as educational level, ethnic background, language, age group, past working experience etc. among employees and employers. When employees and employers share more of these background factors, the similarity level is defined as higher. The higher the similarity level among employees and between employees and employers, the better the outcomes of the CSR executions.

Fourthly, regarding the size of company, it was decided by both the number of employees and the total revenues of the business. Employee is defined as full time or part-time administrative workers or staff. Therefore, instructors from the Company A and part-time non-administrative workers in the Company B were not included. From this core action research project, the author suggested that the smaller the company employee numbers and the total revenues of the business, the easier the internal communication of the execution of CSR within the company. The employee numbers in both companies covered in this action research was equal to or less than 5.

Fifthly, regarding the type of business market structure, the author adopted the definition of market structure in a typical Canadian textbook of Principles of Microeconomics. According to the definition, there are markets of perfect competition, monopolistic competition, oligopoly and monopoly. In this core action research

project, both companies should be classified under the monopolistic competition market because there were many sellers (firms) and buyers in the market. Each firm sold slightly differentiated products and services. Each firm had some market power to decide the pricing of product (and services) and each firm is a price maker which meant the firm was able to set the product and service pricing. In addition, it was easy for firms to enter their markets because the market entry barrier was low. At the same time, it was also easy for firms to exit the market owing to the losses of profits while facing high competition.

Lastly, regarding support from existing clients, the focus was to see whether the company had reasonable portion of business from either existing clients' referrals to their friends or repeated businesses from existing clients.



## **Chapter 4: Core Action Research Project**

### **4.1 Chapter Overview**

In this chapter, the author covers the core action research project conducted at the two local SMEs in greater Vancouver. In section 4.2 the author explains his reasons for selecting the tutoring industry and renovation industry as research targets which included his existing knowledge in these two industries. Then, in section 4.3, background information of these two SMEs is provided. To achieve academic rigidity in research and to ensure the credibility of information, it is important and relevant for the author to introduce background information of both SMEs clearly. Information includes owner's background, reasons to set up the company, number of employees, size of company, total revenues per year, and how long they have entered the market etc. Then, a brief comparison of these two SMEs is conducted in order to see the similarity and differences between them. Afterwards, in section 4.4, the author analyzes the external market environment for both companies. Based on the definition of market structure in standard economics textbook, both firms are categorized as in the monopolistic competition market which has very high competition among firms in the same industry. In section 4.5, conclusion of this chapter is provided.

### **4.2 Reasons for Choosing the Tutoring Industry and Renovation Industry as Research Industries**

#### ***4.2.1 Existing Knowledge and Experience of These Two Industries***

To explore an SME that is in the tutoring industry and in the renovation industry respectively was primarily influenced by the author's involvement in the tutoring business for several years and his past experience in hiring different renovation companies.

#### ***4.2.1.1 Knowledge in Tutoring Industry***

The author was involved in the tutoring industry since 1980 in Taiwan when he was a university student. He taught several elementary and junior high school students mathematics as a private tutor to earn pocket money. When studying in a graduate level economics program in Victoria, BC in 2000, the author also tutored several undergraduate students in the principles of microeconomics and macroeconomics in order to earn extra income. After becoming an economics instructor in 2004, the author paid more attention to the tutoring industry because there were so many students particularly international students from China, who needed private tutoring in Mandarin to survive academically. He initially planned to set up a tutoring company to feed the market demand. Due to the high competition in the tutoring market in the greater Vancouver and also the expensive rental costs for office space, he did not execute this business plan in the end. Instead, the author started to teach as a private tutor for students referred by friends.

#### ***4.2.1.2. Experiences in Renovation Industry***

In regards to the second industry, the author had his first renovation experience in Canada in 2004. At that time, he hired staff from a renovation company to fix a broken wall above the bathtub in the washroom of a two bedroom apartment in a more than 30 year old condominium building. The broken wall was caused by a rotten dry wall behind bathroom wall tiles. It was about a 5 inch squared area. It was quite a learning experience for him because the total cost was more than expected. The renovation company instead of fixing the broken wall area, decided to tear down all surrounded tiles and drywall on all three sides of the bathroom walls and also the bathtub. According to the renovation company's professional suggestion, "it is cheaper to fix all areas once instead of having workers to come back later". The author accepted the suggestion because it was a professional opinion. But there was no more rotten drywall area required to be fixed after workers teared down all the walls. In 2006, the author sold this condominium to buy a used townhouse. This time,

he hired different company to renovate internally. He was not happy with the renovation because the quality was low relatively for what he had to pay. After relocating to greater Vancouver in 2008, he had two more renovation experiences. As a result of severer competition among many Chinese companies and local Canadian companies, the pricing of renovation has lowered significantly in Greater Vancouver. From his past experience of renovation projects, dealing with renovation companies and chatting with workers, the author had built up enough common knowledge and interest in exploring this industry further.

### **4.3 Introduction of *Company A* and *Company B***

#### **4.3.1 *Company A: Tutoring School***

There are four full-time staff members in addition to the owner and owner's wife who participated in the core action research from the tutoring school (called *Company A*). They are Dr. L (A1 in the research), Mrs. L (A2 in the research) and four female staff members (A3, A4, A5 and A6 respectively). These four female staff members were also called the front desk teachers externally. From September to June, every staff has to work 8 hours per day and four days per week from Monday to Sunday. They can either work from 9:00 am to 5:00 pm or from 12:30 am to 8:30 pm on weekdays or 10:00 am to 6:00 pm on the weekend because courses are offered every day. All staff members are landed immigrants from Taiwan. Two out of four of the staff members have already worked for around 10 years at *Company A*. Even the junior staff had been with the company for more than two years. There is great harmony in the working environment. The author heard the staff laughing and chatting frequently with each other or with clients. The author suspected that high similarities in the staff's educational background, ethnic background, age, and personality are factors leading to a harmonious working environment.

*Company A* was set up in 1999 by Dr. L and his wife, Mrs. L after Dr. L had

completed two years of private tutoring at his home. Dr. L relocated from Taiwan to Canada in 1991 to study his doctorate degree at a university in the eastern part of Canada. Dr. L and his wife relocated to Vancouver when Dr. L finished his Ph.D. degree in 1997. Dr. L did not want to work in any universities or colleges because he did not like to live in a routine life pattern. The two factors which prompted Dr. L to set up his tutoring school were Dr. L's desire to be his own boss and Dr. L's excellent tutoring skills. Parents with kids at grade school starting from elementary schools to high schools and sometimes even university are customers of *Company A*. According to the information provided by Mrs. L, *Company A* serves about 150 to 180 students per year and the annual revenues were about \$600,000 to \$750,000 Canadian dollars (CADs).

Indeed, Dr. L captured the best timing to establish a tutoring school for helping Chinese students because there were many Chinese from Hong Kong who relocated to Vancouver, Canada owing to the fear of Hong Kong's Return to China in 1997. In the late 90's, there were very few tutoring schools targeting Chinese students who had low English language skills. Since setting up the tutoring school in 1999, Dr. L utilized both (1) his doctorate level of knowledge in science subjects and (2) his dual Chinese and English language ability to offer good quality tutoring courses in Mathematics, Chemistry and Physics for Chinese students in need in the greater Vancouver. Later, in the mid-2000s, there were many new immigrants from China relocating to Canada. Dr. L's tutoring school had become more popular because it had been in the market for years and had built up a good word-of-mouth reputation in the market. Dr. L's tutoring school had developed successfully from one location to a school with two campuses. His student numbers had increased dramatically to around 150 to 180 students annually, a much higher number than in its initial stage at a basement offering one-to-one private tutoring with only one student back in 1997. Nowadays, Dr. L's school offers almost every subject for every grade level from Grade 1 to Grade 12. In addition, the school also offers courses targeting provincial tests in the province of British Columbia with different levels and subjects, Scholastic Aptitude Test (SAT) and also many Advanced Placement (AP) courses that are suitable for students who plan to study at the top universities in USA. The tutoring school can help students in getting good exam results in order to enhance their

opportunities of being accepted by top universities in Canada and USA.

#### **4.3.2. *Company B: Renovation Company***

*Company B* is a family business owned by a couple, husband Mr. C (B1 in the research) and his wife (B2 in the research). Mr. C and his wife are very handy people. They can do jobs such as tearing down old interior design, re-install drywall, re-painting and installing new hardwood floors and even gardening jobs. Sometimes, they have help from family members such as Mr. C's father, youngest sister and his eldest son. When there is a need to have licensed plumbers and electricians to complete the required renovation job, they subcontract the job to professionals. *Company B* serves about 30 to 40 customers annually and the annual revenue is about \$150,000 to \$200,000 CAD.

Mr. C and his siblings relocated from Taiwan with their parents to Canada in 1996 for religious reason. His parents wanted to promote Taoism to Chinese populations in Canada because they are sincere Taoists. After studying English for about two years in Vancouver, Mr. C met his wife and then married his wife. To support his family financially, Mr. C quit his English studies and worked for his friends in the renovation industry for about 3 years. During this period of time, he worked hard to learn the required skills for renovation work. Mr. C and his wife then set up their own renovation company in 2001. *Company B* is a small one as family members provide the main labour force for the company. In fact, in addition to his wife, Mr. C's eldest son, youngest sister, father, and even his mother-in law all work for his company as part-time workers. The company is set up at Mr. C's house. Mr. C uses one of the bedrooms as the office for his renovation business. His house is located on a piece of big land of about 3 acres. According to Mr. C, business for his small renovation company has been steady since his operation began in 2001 because the quality of his work is pretty good and the price he charges is relatively cheap compared to others. The company has enough business to support the living costs of all ten family members; but, it is not possible to generate a big fortune because of severe

competition in the renovation industry.

#### ***4.3.3 Similarity and Difference Between Two Companies***

Dealing with clients directly either in person or by phone is a very important common practice for both companies. As an observer, the author can see or hear most of the interactions between staffs and clients in each company. It is also worth-noting that owners of both companies migrated from Taiwan to Canada. Owners of both companies studied in Canada. The owner of *Company A* completed a doctorate program in Canada and the owner of *Company B* studied two years of English in a Second Language (ESL) course. Then both owners set up their companies respectively after their education in Canada. Using a conventional way to compare both companies, business in *Company A* could be treated as a white collar business and its corporate revenues are generated from brain knowledge. On the other hand, business in *Company B* could be treated as a blue collar business and its corporate revenues are generated from skilled labour services.

From interviews with owners and their employees, the author realized all of them are landed immigrants originating from Taiwan and relocating to Canada. Often, to survive in a new country, many immigrants choose to connect with members of their own ethnic and cultural background. From this core action research, the author realizes that both companies have chosen Chinese population in metropolitan Vancouver as their client group. The differences between these two companies are the different type of skills they have to generate revenues. We do not imply which company or which way is better than the other or other ways of surviving in a new country. As long as what they have done is moral, legal and appropriate, they are all good companies. As long as they are able to survive in a new country, their ways are effective in a new environment. Moreover, even though both companies had Chinese people as their customers initially, *Company A* had expanded its customer type from Chinese to have 2 students with Indian background in 2015. For *Company A*, it is a big step after 17 years of business operation. For owners of the *Company B*, Chinese

people are still the only customer group they have.

## **4.4 External Market Environment for Both Company A and Company B**

### ***4.4.1 Introduction of Markets***

#### ***4.4.1.1 Many Firms Enter the Tutoring Market***

Roughly in the late 2000s, many tutoring schools joined the tutoring market because there were many Asian immigrants particularly Chinese immigrants, who chose greater Vancouver as their immigration landing destination in Canada. Judging from the advertisements on local Chinese TV channel and Newspapers, there were at least 20 to 25 new and big tutoring schools which entered the market in addition to other smaller tutoring schools and individuals offering private tutoring. They all target Chinese parents with kids in grade schools. In general, the Chinese tutoring school market should be treated as monopolistic competitive market. The majority of course providers are small schools and private tutors who work either at home or at students' places. The barrier to entry for the after-school tutoring industry is not high. As long as you know the subject well and you have the ability to explain the subject clearly to the learners, you can enter the market to work as a private tutor. If you have more funding to rent or own an office, you can set up a school. At the same time, it is also easy to exit the market since the set up costs and qualification requirement are often lower than many other types of businesses. All you need to have are white-boards and markers in addition to some tables and chairs for students.

#### ***4.4.1.2 Many Firms Enter the Renovation Market***

Roughly in the early 2000s, many Chinese entered into the renovation industry to set up their small companies. According to Mr. C's argument, it is easy to enter and had a

low setup costs, so many new entrants entered in the early 2000s. In addition, the return of Hong Kong to China in 1997 actually created a huge demand for home renovation and gardening service businesses in the Chinese community because there were many immigrants from Hong Kong under the investor category and business category due to the fear of uncertainty of Hong Kong's future after its return to China. When there is a demand for renovation service in the market, there is a supply to fulfill the need of demand in the market. It is worth noting that Chinese immigrants in Canada do love to have business done with business owners who have Chinese background because of the convenience of communication in mother tongues and also the lower price of service compared to prices charged by local Canadian companies. However, competition in the market is high too because Chinese consumers do like to bargain for prices. Service providers' asking prices have to be competitive. Otherwise, service providers may not be able to get the business. Hence, there are some bad business practices which occurred in the market such as offering lower asking price to get the business and then raising the renovation costs or service prices in the working period by creating some unnecessary services or installing more expensive materials to generate the profit margins for service providers.

Even though it is relatively easy to enter both the tutoring industry and renovation industry in metro Vancouver in Canada, there are differences which exist in these two industries. For example, the set up costs for the renovation industry is higher than the tutoring industry because tools for renovation business are more expensive than tools for the tutoring industry. But the requirement of educational level for the tutoring industry is much higher than the renovation industry. In general, majority of the instructors in the tutoring industry have master or even doctorate degrees. But, in the renovation industry, experiences and skills are more important than the education level.

#### ***4.4.2 Definition of Monopolistic Competition Market***

According to the definition of monopolistic competition market in a common



economics textbook, it is a “ *market structure of an industry in which there are many firms and freedom of entry and exit but in which each firm has a product somewhat differentiated from others, giving it some control over its price*” (Regan, 2014, p. 260). The restaurant industry has been used as the standard textbook example in the monopolistic competition market. For example, cuisines and meals provided at Restaurant A may not be identical to foods offered at Restaurant B. In addition, even when the two restaurants are offering the same kind of cuisine such as Chinese food, they may be offering Chinese food from different regions, such as Cantonese seafood verses Szechwan spicy food. Even if the two restaurants offer the same Cantonese seafood, they may still provide slightly differentiated dishes because different restaurants hire different chefs. Different chefs may have different cooking skills and presentation methods. We can apply the same analogy to the tutoring school industry and the renovation industry.

#### ***4.4.3 Applying Definition of Monopolistic Competition into Both Industries***

##### ***4.4.3.1. Tutoring Industry***

The products in the tutoring industry are teachings offered by instructors. Every school offers the same or similar courses; but the way they deliver content and knowledge from each course is subject to each instructor’s own teaching style. Hence, the marketing strategy of offering differentiated products in the tutoring industry depends on the styles and effectiveness of teaching conducted by instructors in addition to the uniqueness of courses. However, it seems unlikely that many schools offer unique courses that are not offered by any other schools and private tutors because there is an official standard curriculum for students. Thus, the only possibility to survive in the market seems to depend heavily on instructors and their teaching styles.

From the author’s observation, *Company A* is able to survive in the market with a

small but steady growth annually because of its early entry in the market in the late 90's and also its reputation of offering good quality tutoring services. It is worth noting that there are about 115,000 international students attending elementary, secondary, post-secondary, and private language schools in the province of British Columbia. This number has increased by 22 percent since 2009/2010. International students from China are the biggest group, about 28,700 students, which is more than the sum of international students coming from South Korea and Japan combined (Government of the Province of British Columbia, 2015).

#### **4.4.3.2. Renovation Industry**

In the renovation industry, services are offered by the renovation companies. Every renovation company offers the same or similar services; but, the way renovations are conducted is actually subject to each company's own style unless there is a request from customers. Hence, the marketing strategy of offering differentiated products in the renovation industry depends on the final performance conducted by workers in addition to the uniqueness of the services. However, it seems unlikely to offer unique services that are not offered by any other renovation companies because there is a common practice in the market and there are regulations to be followed. Thus, the only possibility to survive in the market seems to be depending heavily on workers and their skill levels.

From the author's observations, *Company B* was able to survive in the market for more than 14 years because of its early entry in the market in early 2000's and also its reputation of offering good quality services with reasonable prices. The rise of Chinese immigrants from China in the 2000's dramatically increased the demand for renovation services by Chinese companies because Chinese are not used to do home renovation by themselves. At the same time, the rise of Chinese immigrants from China also increases the supply of the Chinese renovation companies because the barrier to enter the market is not high. As long as you have worked in the industry for a while, you are able to enter the market to do simple renovations and wall paintings to accumulate your skill levels. What *Company B* is facing is an even more competitive market than what *Company A* has. According to Mr. C, there were

expected to have about 250 to 350 Chinese renovation companies in the market seeking to get business from about 400,000 Chinese residents in the metro Vancouver area.

## **4.5 Conclusion**

In this chapter, the author explained his reasons for selecting the tutoring industry & renovation industry and also introduced background information of these two target SMEs. To achieve academic rigidity in research and to ensure the credibility of information, it is important and relevant for the author to introduce background information of both SMEs clearly. The author wants to ensure the consistency between (1) his first-hand observation of both SMEs and (2) his meeting and interview results generated from the collaborative brain storming process with owners and employees. Besides, based on the author's observation and analysis of the external market environment for both companies, the author found that both companies should be categorized as in the monopolistic competition market environment for their respective industries because of (1) high competition among firms, (2) easy entry and exit for firms and (3) similar services provided by firms in the market. It is worth-noting that the external market structure is expected to link with firms' CSR performance. From the antecedents of firms' violation of CSR reported in the introductory chapter of this thesis, the negative relationship between competition level in the market and violation of CSR was observed. In general, the lower the competition level externally in the market, the higher the possibility firms intentionally violate CSR and the higher the competition level externally in the market, the lower the possibility firms intentionally violate CSR. Hence, firms in a market with higher competition level may choose to perform CSR voluntarily.

## **Chapter 5 Findings from Core Action Research Project**

### **5.1 Chapter Overview**

In this chapter, the author presents findings that induce SMEs' CSR perception from core action research project and also analyzes these findings. In section 5.2, findings of each theme are presented and analyzed. It is worth-noting that there are many valuable and interesting opinions collected from the interviews with participants. In section, 5.3, conclusion is provided.

### **5.2 Findings from Each Theme Collected from Action Research in Two SMEs**

#### ***5.2.1 Business Owner's background and characters***

##### ***5.2.1.1 Family Education in Childhood***

Under the theme of owner's background and characteristic, the author was particularly impressed by the stories that were shared by both owners about their family education in childhood. From A1's story, when he was young, his parents educated him and his siblings to be kind to people who needed help. His parents even gave him money to donate to beggars on the streets. A1 said the following during the interview:

“At my village, there were people begging food and begging money on the street. When we went out for shopping, my parents would give me some coins & food and asked me to give coins & food to beggars. I did learn from my parents in my childhood to be sympathetic to others because life was not easy.” (See Appendix 1, page 111-173).

In fact, the other business owner (B1) who was brought up in a sincere Taoist family had a similar story. According to B1's story, being honest was a very important family education he had since his childhood. His parent requested all kids to be honest to themselves, to parents, and to God. B1 said the following during the interview:

"I grew up from a sincere Taoist family. Based on Taoism, we have to be honest to ourselves, to parents, to other people no matter you know them or not, and also to the God. My parents taught me to be a good Taoist when I was very young." (See Appendix 1, page 111-173).

The formation of a person's character was started from his/her family education during childhood. What parents teach children in their childhood usually roots in kids' minds and have influences kids' behaviour when they grow up. Therefore, it is worth devoting more time with children in order to educate them the right things such as having respect, being kind, being honest, being helpful and even loving others.

#### ***5.2.1.2 Sympathy***

Sympathy seems to be a very important factor for business owners who are concerned about CSR execution. According to the interview with A1, he treated his employees and clients very well because he realized that surviving in a new country was a tough job. In addition, he received helps from others before. So, he wanted to do his best to assist his employees who are also immigrants. He also wanted to help his clients who were immigrants to Canada. A1 said the following during the interview:

"Regarding my ideas of CSR for internal use, they are simple. I want to be a good boss. I want to treat staff members and instructors with respects. Particularly to my staff members, I want to treat them like good friends and family members. It is tough to survive in a new country. I want to help employees to survive too because I have gone through similar difficulties." (See Appendix 1, page 111-173).

His sympathy for people with a similar background induced his execution of CSR. Similarly, according to the interview with B1, he had the sympathy concept just because it is a right virtue from his education in his childhood. His sympathy was not only for human beings but also to all living creatures such as pigs, cattle, fish etc. B1 became a vegetarian when he was a young boy after observing the brutal killing process of pigs. B1 said the following during the interview:

“I learned to be sympathetic to people because helping other is a good virtue. In addition, all living creatures, including animals, should be treated equally. For example, we all know that we can’t beat or abuse animals because it is immoral to do so and it also violates the law. Apparently, animals have their animal rights too. When I was a little boy, I saw my neighbor killing pigs for getting pork meat. It was so brutal to observe pigs’ crying and struggling before being killed. After seeing this scene when I was a little boy, I decided to become a vegetarian. I didn’t want animal dying for me. I don’t want people upset because of my conducts either. Hence, I don’t want to take advantages of other people because they may feel painful emotionally and even financially.” (See Appendix 1, page 111-173).

Sympathy seemed to be induced by personal experience such as what A1 and B1 have shared. A touching and unforgettable personal experience normally generates a strong sympathetic spirit for the people who has suffered or observed the similar events.

### ***5.2.1.3 Religion***

Religion seems to play a key role for owners of SMEs to pursue CSR. But the sincerity level to the religion does not show a big difference to the inducement of CSR. It is worth-noting that in this thesis, the author assumed that educating people to behave well and being kind is one of religion’s functions. By analyzing interview data, A1 seemed to be less religious than B1, even though both of them are Taoists. A1

seldom goes to religious ceremonies and is not a vegetarian either. However, A1 has a very strong belief of the existence of a mighty God. He also believes in karma. A1 said the following during the interview:

“I think all of these factors have induced me to think about others when I make decisions because my decision may create trigger effects to others. In addition, I believe kindness attracts kindness; at the same time, hates and wrong doings attract karma.” (See Appendix 1, page 111-173).

According to karma, you have to pay back for your wrong doings eventually and you are blessed for your good doings and kindness. B1 seemed to be more sincere in religion when compared with A1, because B1 was brought up in a sincere Taoist family and he had been a vegetarian since he was young. According to the author’s understanding of Taoism and Buddhism, sincere followers of these two religions do not do bad things such as committing illegal or immoral conducts because of karma. Wrong doers will be punished eventually in their following lives if the punishment does not come immediately in the current life. In fact, people with strong religious beliefs want to do good deeds such as helping people in need and also keeping their mind clean. Therefore, based on findings in the core action research project, the author claims that religion is important to both the formation of business owners’ background and also to the execution of CSRs. Even though in this core action research, both owners are Taoists. However, types of religious belief should not be a factor. It could be Catholicism, Christianity, Islam, Taoism, Buddhism or any others. As long as the business owner has a religion in mind, the business owner would likely be opposed to committing wrong doings on purpose. By the way, religion extremists are not included in the discussion because they are too irrational to be included. They don’t have love in mind. Instead, they only have hate.

#### ***5.2.1.4 Owner’s Past Personal Experience***

Owner's past personal experiences seemed to play an important role in the formation of business owner's background and characteristics. Past personal experiences normally are more unforgettable than written lectures, especially when the past personal experiences touch the bottom of owner's heart. In fact, it did not matter whether the past personal experience was a positive good experience or a negative bad feeling, both types of experiences could leave a deep impression according to analysis results from the collected interview. A1 shared his past personal experiences of kindnesses from his classmates and their parents during his undergraduate study in a different city in Taiwan and also from his professors and colleagues during his doctorate study in Canada. A1 said the following during the interview:

“After growing up, I left home to study at university alone in different city. At that time, I got help from many classmates and their parents when I was sick. When I studied my doctorate degree in eastern part of Canada, I received help and warm treatments from my local Canadian classmates and professors too because I was a lonely and poor international student. They invited me and my wife to have Thanksgiving dinner, Christmas Eve dinner at their homes.” (See Appendix 1, page 111-173).

A1's positive past experiences of others' kindness to him induced his intentions to be nice to others such as to his employees and clients. In contrast, B1 had a negative past personal experience of observing the brutal death of pigs. (See Appendix 1, p.126). This negative past personal experience not only made B1 became a vegetarian but also lead B1 to be honest to others without having any intention of taking advantage of them. B1 did not want to do bad things to other people because he knew from his past experience that being hurt is brutal.

#### ***5.2.1.5. Goal of life***

Business owner's goals of life seemed to be another important factor in molding each



owner's background and characteristics. From the interview, A1 mentioned when he set up his company in late 90's, his goals were to be a good boss to assist his employees and also to assist students and their parents as much as possible. A1 said the following during the interview:

"I want to be a good boss. I want to treat staff members and instructors with respects. Particularly to my staff members, I want to treat them like good friends and family members. It is tough to survive in a new country. I want to help employees to survive too because I have gone through similar difficulties. Regarding my ideas of CSR for external use, my goal is to assist students and their parents as much as possible. So, doing the right thing to help people in need is my second idea. (See Appendix 1, page 111-173).

"Actually, I do not treat earning money as the most important task for my personal life and for my business. I realize generating profits is important for a business; however, the most important goal for me to achieve in life is to utilize my ability to do as many right things and to help as many people in need as possible. I don't mind to pay extra costs if it is worth-while to do so." (See Appendix 1, page 111-173).

In fact, A1's goal of life could be described as doing the right thing to help as many people in need as possible. A1 did not mind paying extra costs to help people. A1 seemed to be unique because he did not treat profit maximization as his only priority even though he realized profit was important for a business. B1 seemed to be an even more generous person than A1 because B1 used profits generated from his business as funding to support his and his parents' first priority goal of life which was devoting to the promotion of Taoism in Canada. B2 said the following during the interview:

"In late 90s, my family migrated to Canada because my parents' intention to promote Taoism to Chinese in Canada. Because of this religious reason, I moved

with them to Canada. Running this renovation business is to earn income for paying all living costs because we are not a rich family. Hence, working is only for supporting our main goal which is to promote Taoism. (See Appendix 1, page 111-173)

The author was very impressed by A1 and B1 because they did not treat generating profits or financial returns as their highest priority in life. In fact, they worked hard to achieve their different goals of life such as helping others and promoting Taoism, for A1 and B1 respectively. In this action research project, the author observed owners of SMEs being very considerate to others and they had good will to contribute positively to others. If business owners all have aimed their goals of life as helping people in need instead of profit maximization, then violations of CSRs or immoral business conducts may not actually occur in any business.

### ***5.2.2 Attitude of Employees***

The author found that the attitudes of employees to the implementation of CSRs are also very crucial to the success of CSR performance because the implementation of CSR in a corporation depends on the employees' support and execution. When employees are positively in favor of the implementations of CSRs, the implementations of CSRs are more likely to succeed. On the other hand, CSR executions are more likely to fail when employees are not willing to implement them. For example, according to interviews with A2, the company did offer a non-profit preschool kid's program to educate Chinese kids the conventional disciplines to be a good child at home and at school. Employees did support this idea and one of employees even devoted her time to design the course and even taught it without financial compensation. A2 said the following during the interview:

“About two years ago, Dr. L wanted to offer a nonprofit course called “Disciple gauge”, an excellent set of Chinese rules of discipline for preschool kids. His goal

was to train the young generation of Chinese the Confucianism. It was the first non-profit course in the company. After explaining his thoughts, one of the senior staffs who had been an elementary teacher in Taiwan volunteered to design and teach this course.” (See Appendix 1, page 111-173)

It was a successful execution of CSR even though the *Company A* suffered a financial loss for it. According to A2, the financial loss was caused by communication problems.

In *Company B*, only owner B1 and his wife B2 were involved in the administrative issues and the execution of CSR. According to the interview with B2, she had a conventional concept of her roles which was being a good wife to support his husband and being a good mother to help her children. She trusted her husband completely because they worked together for long hours every day. In addition, her husband was a sincere Taoist and would not harm anyone. The author was particularly impressed by B2’s full trust in her husband. She supported her husband’s every decision fully. B2 said the following during the interview:

“Actually, I do not have any title. But I am involved in almost everything. As you know, I am helping my husband in work when he needs my help. I can do any renovations, such as tearing down old design, painting walls, installing floor etc. I also help my husband in answer phone calls when he is away and in estimating project costs, making appointments for his field trip to the renovation site, picking up materials and also do all accounting jobs etc.” (See Appendix 1, page 111-173)

“I just do my best to be a good wife to help my husband and to be a good mother to take care of our four kids. I am an old style woman even though I am not that old. I have a very conventional idea of my role in my family.” (See Appendix 1, page 111-173)

Apparently, B1 and B2 should be considered as one solid team. In reality, B1 behaved like the head of a body and B2 actually behaved like hands and legs of the body because B2 followed and executed orders from the head, B1, completely. Such kinds of strong support for sure made the execution of CSR successful in the *Company B*.

### ***5.2.3 Similarity among Employees and/or Similarity Between Employees and Employers***

When employees in a company have high similarity in background and characteristic, it is easier for employees to reach homogenous conclusions because there is less conflict of opinions. The same analogy is applicable to the high similarity between employees and employers. When employers and employees share many common characteristics and have many similarities in background, it is easier to reach an agreement of internal policy and to execute business actions. According to the interviews conducted with employees and employers in *Company A*, the author found the followings interesting aspects in similarities among employees and employers. Firstly, employers and employees are all immigrants from Taiwan to Canada. This meant that they had the same cultural background because they came from the same country, Taiwan. In addition, they had similar attitudes toward their future because they were immigrants trying to survive in a new country. Secondly, employees and employers were able to communicate in Mandarin and also in Taiwanese which is a dialect commonly spoken by people in Taiwan. It meant that employees and employers were able to communicate internally in Taiwanese and they were able to communicate with clients from China in Mandarin easily. Thirdly, employees and employers had completed their first university degrees in Taiwan. This meant that they have roughly the same educational background and knowledge level. They were able to understand arguments from others and exchange opinions with others at a similar level without a knowledge gap. Fourthly, employees and employers were roughly in the same age group, late 40s to middle 50s except the youngest employee who was in late 30s. This meant that they did not have much age gap. They could understand others' thoughts and share opinions because they roughly had similar values toward issues. Fifthly, all employees including the youngest employee had

many years of work experiences in the educational industry in Taiwan. One of the senior employees even had experience in running her own afterschool tutoring business in Taiwan before relocating to Canada. Also, all employees had experience in the education business. They were able to maximize their contributions to the company. Sixthly, all employees were women, married with kids except the youngest employee who had no children yet. Finally, the employees had common topics to chat and share about. The author observed a very friendly and happy working environment in *Company A* during the five months of action research project period.

The author was very impressed about one of the comments from A4 when she was asked about extra compensation for her teaching of the non-profit course. She said the following during the interview:

“When the boss has good intention to do the right things; as a staff, I am so eager to help out and contribute my efforts. For me, money is not the most important thing. I like to do something meaningful to the society” (See appendix1, page 111-173).

When employees and employers share more common background, the similarity level is higher. The higher the similarity level among employees and/or between employees and employers, the better outcomes were achieved from the execution of CSR.

In *Company B*, all employees were family members such as wife of the owner (B1), father, sister and son of the owner. They all followed instructions of whatever B1 decided to do. Apparently, owners and employees of the *Company B* were deeply connected in their opinions and actions because of their family tie. Therefore, the success of CSR implementation was expected because they have the same values and opinions.

#### ***5.2.4 Size of Company***

The author found that the smaller the size of the company, the better the CSR implementation as it was much easier to reach an agreement when fewer people were involved. Fewer people involved in issues means less chance of having conflicts in opinions. In addition, the smaller the company's total revenues, the easier the execution of CSR because profits are much smaller when total revenues are small, compared with big total revenues generated by big corporations. Since the profit is small, people are less greedy. People will be less likely to have immoral business conducts from small revenue business because there is not much to gain even committing wrong doings. Normally people become greedy when there is a big gain caused by self-interests.

#### ***5.2.5 The Type of Business Market Structure***

From the analysis of the external environment for both *Company A* and *Company B*, both companies should be classified as in the monopolistic competition market because there were many firms offering slightly differentiated products in the market. In a monopolistic competition market, it is easier for firms to enter and exit the market. Also, firms in the monopolistic competition market have some market power and firms can decide on product prices. Both *Company A* and *Company B* face huge competitions in their respective industry. The type of business market structure is an important external factor inducing firms to execute more CSRs or less CSR. When competition level is high, such as in the monopolistic competition market, firms should execute more CSRs to differentiate themselves from others. When competition level is low or even non-existent, such as oligopoly market or monopoly market, firms should execute less CSR because there is no need to differentiate themselves from others. The high competition level in the monopolistic competition market provides strong incentives for both firms in the action research to behave well and to implement their own versions of CSR even though in reality there was originally no formal set of CSR rules internally for both firms. For a monopolistic competition market, it is easier to enter and exit the market because the entrance barrier is not high. When firms violate CSRs or conduct immoral business conducts, firms are easily

forced to exit the market due to consumers' boycotts in addition to the availability of many substitute firms for consumers to choose from.

### ***5.2.6 Support from Existing Clients***

Based on the foregoing definition, support from existing clients means that (1) whether the company has reasonable portion of the business from existing clients' referrals to their friends and also (2) whether the company has repeated businesses from their existing clients. Since there are many firms offering similar or slightly different products/service in the monopolistic competition market, the ratio of returning clients and referrals to the overall business provides a strong signal for firms to know how well they have served their clients. Based on information provided by A1, about 70% of new clients came from referrals of existing clients for *Company A*. Similarly, based on information provided by B1, all existing clients of *Company B* did come back for further services when they had needs. The above information showed the importance of quality service and good business conducts for additional new business. Viewing from the perspectives of *Company A* and *Company B*, a higher support from existing clients did provide both firms strong incentives to keep their good business conducts and high quality services. Word of mouth seemed to be a good marketing strategy.

## **5.3. Conclusion**

In this chapter, the author presented and discussed findings which induce SMEs' CSR perception from core action research project. They are (1) business owner's background and characters, (2) attitude of employees, (3) similarity among employees and/or similarity between employees and employers, (4) size of company, (5) the type of business market structure and (6) support from existing clients. In particular, business owner's background and characters are influenced by five factors. They are (1) family education in childhood, (2) sympathy, (3) religion, (4) owner's past

personal experience, (5) goal of life.

SME's implementation of CSR is a dynamic process. When both companies in this action research executed their own version of CSRs, they did not consider using CSR as a marketing strategy to attract more business. However, once each firm's devotion to the implementation of CSR was noticed by their clients, firms received a higher support from their existing clients. The positive higher support outcome actually induced both firms to conduct more CSRs. Kindness to people actually received great outcomes.



## **Chapter 6 Conclusion**

### **6.1 Chapter Overview**

In this chapter, the author concludes what he had done and found in this thesis. In section 6.2, the author explores briefly the following three concerns. They are why the author explored CSR in this thesis; how the author conducted action research; and what the author covered in this research. In section, 6.3, the author indicates possible limitations of this research. In section 6.4 the author points out possible contribution and implication of this action research and suggests several actionable knowledge suitable for further practical application. In section 6.5, the author provides his final thoughts for this thesis.

### **6.2 Why, How and What has covered**

#### ***6.2.1 Why***

Although CSR has attracted attention from large enterprises, there has not been a lot of research studies focusing on the CSR efforts by small and medium enterprises, let alone those owned by immigrants. SMEs are very important to Canadian daily economic activities because in Canada, more than 99% of total firms are SMEs and more than 55% of SMEs have less than four employees. Nowadays the public cares about CSR because people have higher expectation from firms and people have higher moral standard than before. However, the general public knows very little about SMEs' CSR perception. For example, it is not clear to the general public whether SMEs have knowledge of CSR. If SMEs have knowledge of CSR, what factors

induce SMEs' CSR perspectives, what is SMEs' CSR perspective and how do SMEs implement CSR.

Canada is one of top immigrant hosting countries, there are, on average, 250,000 immigrants landed in Canada every year since 1990 (Immigration Watch Canada, 2015). As an immigrant who landed in Canada in 1997, the author of this research has a strong personal interest in learning more about the challenges experienced by immigrants while setting up businesses in Canada in general, and in executing CSR in particular. Hence, in this thesis, the author conducted an action research by exploring two local SMEs that are owned by immigrants from Taiwan. Hence, in this thesis, the author aims to answer the above mentioned practice-based questions.

### **6.2.2 How**

In this thesis, the author conducted a core action research project via case study, a qualitative research approach, by using two local SMEs, *Company A* which is an afterschool tutoring company and *Company B* which is a renovation company, within greater Vancouver as the research targets to explore their knowledge of CSR. By utilizing action research and collaborating and asking questions and getting responses from the business owners and employees of the two local SMEs, this thesis enriched CSR literatures in understanding the CSR knowledge of owners and employees of SMEs and the factors which formulated SME's CSR. For example, owners of both companies shared their personal experience and stories that played important roles for building up their CSR thoughts. Owner of the *Company A* shared with the author a story about his childhood family education when he was young. He learned the importance of being sympathetic and being nice to beggars because of his parents' kindness to street beggars. (See Appendix 1, page 116). Owner of the *Company B* also shared his personal experience of observing the brutal killing process of pigs which caused him to become a vegetarian. Also, he also learned to be Hou Dao and be respectful to others from his childhood family education and religion. He loved all

creatures, human beings and animals. He did not want to harm anyone including animals. B1 said the following during the interview:

“In fact, according to my understanding of Hou Dao, it means being “honest, kind, virtuous and sincere” to people. For example, when I deal with clients, I am honest to them. I tell them the truth without hiding information or lying to them. Then, I do my best to be kind, virtuous and sincere to my clients. For instance, if a client wants to replace his old carpet floor to hardwood floor, I will like to know his intention to install hardwood floor first. After knowing his intention, I will let him know the good and bad parts of installing hardwood floor. Clients do not necessary know the hardwood floor very well. Clients may change their minds after getting more information. Therefore, I normally will do my best to provide as much information as possible for my clients.” (See Appendix 1, page 111-173).

It is worth noting that for *Company A*, with more employees, the author challenged each participant with other colleagues’ comments in order to induce further thinking and brainstorming on the issues. To sum up, this research is based on the action research methodology. With contributions from all participants collaboratively, the author explored their initial thoughts of CSRs, possible factors which formulated their initial thoughts of CSRs and their thoughts of what should be created as contents of a formal set of CSRs. In addition, from analyzing themes collected from interviews with each participant during the action research period, the author was very excited to find factors inducing involvements of CSRs for owners and employees of SMEs. Further review of this part of the findings and comparison of them to the findings from literature were provided in later section.

### **6.2.3 What**

In this thesis, the author conducted two major aspects of research. They were literature reviews on CSR and a core action research project by using two local SMEs

as research targets. Regarding the literature review on CSR, specifically, at the beginning part of review, introduction of CSR, origin of CSR, roles of governments and international organization were covered. Then the author explored possible issues for firms in the execution of CSR. The author found four possible issues. They were (1) conflicts of interests: short run self-interests and long run social (or group) interests, (2) no clear definitions of CSR and ethical code, (3) no universal contents of CSR, and (4) morality, ethics, and virtue, are foundations of CSR. Then, in the last part of review, the author explored mainly two research fields. They were (1) impact of CSR on stakeholders and financial performance and (2) factors inducing CSR performance. This part of literature review influenced the author to conduct a qualitative research of CSR in SMEs instead of quantitative research of CSR in big corporations because there were already so many quantitative papers on CSR and corporate performance for big corporations but there was very few qualitative CSR research for SMEs. Also, the literature review on factors influencing CSR performance provides the author a great opportunity to compare what was found from the two SMEs who participated in the core action research with existing literatures. This comparison is one of the contributions of this thesis to the literature of CSR research on SMEs. In the next section of this conclusion chapter, a detailed comparison will cover findings from the core action research project and factors inducing CSR performance in literature. Regarding the process of action research, it is covered briefly in the previous section and also in details in Chapter 4. Last but not least, with the contributions and collaborations from all participants in the action research, the author helped both SMEs in setting up their respective set of CSR rules. It is worth noting that both SMEs did not have an official set of CSR rules before their participations of this action research.

### **6.3 Limitations**

In this thesis, the author conducted a core action research project inside two local SMEs. Stories, thoughts and feedback from all participants were collected and analyzed carefully. Many interesting and meaningful factors inducing perception of

CSR were identified. For example, business owner's background such as owner's past experiences, family education in childhood, sympathy, religion and goals of life were important to the formation of CSR in the business owner's mind. However, while sharing these findings, the author wanted to be cautious and interpreted his findings with great care. The author wants to remind readers not to over apply his finding to all SMEs. The author doesn't want to exaggerate his findings and to generalize them to be common factors for all SMEs because these findings were based on studies of two local SMEs owned by immigrants from Taiwan in greater Vancouver. In other words, the findings from this thesis may not be suitable for further generalization to other SMEs unless some appropriate constraints are put in place. For example, findings from this thesis may not be suitable for further generalization to SMEs in different industries and/or in different countries and/or by owners of different ethnic group because there are so many differences among industries, countries and ethnic backgrounds. Thus, as long as other situations remain the same and there is only one different circumstance which exists between this study and other possible studies, it would be interesting to apply and compare findings from this thesis to other researches and to analyse similarities and differences. It is also worth-noting that, the author was very curious in knowing whether further generalizations of the findings from this thesis are suitable to situations where all other factors remained constant except (1) SMEs are in different industries in greater Vancouver (2) SMEs are in different countries, (3) SMEs owned by owners with different ethnic backgrounds. The above mentioned fields could be treated the author's suggestions for further CSR research on SMEs. Also, the author has assumed executives and firm owners are rational people because logically speaking it is impossible to analyze unexpected and irrational conduct. *"People are rational, which means that they have well-defined goals and try to fulfill them as best they can"* (Frank & Bernanke, 2007, p.4). Committing immoral business conducts (or violation of CSRs) and committing moral business conduct seem to be on the two extreme ends of the spectrum. Based on logical thinking, if business owners or executives of firms are rational, they should commit more moral conduct because it will be beneficial to their firm's long run

profits. Hence, with the assumption of rationality in mind, the author has to treat business owners or high ranking executives who conducted violations of CSRs as “rational amoral person” which means “someone who carefully determines the means to achieve illegal ends, without restraint by guilt or internalized morality” (Cooter & Ulen, 2012, p. 463). In layman’s terms, a rational amoral person only considers the realization of higher profits in the short run instead of the long run, while not considering whether the methods he/she used are legal or illegal, and moral or immoral because he/she did not have morality in mind. Then, with this rationality assumption in mind, even though they are amoral people, they are able to fit amoral actions under the rationality framework to analyze their behaviours.

In short, in addition to enhancing existing CSR literature on SMEs, this thesis also contributes to the explorations of business owners’ approaches to survive in the new country. It is worth noting that both companies participated in this core action research project did not have CSRs explicitly in words as their corporates’ internal rules. However, owners of both companies indeed had their own version of CSR concepts in mind while setting up their companies and running their businesses. More importantly, owners of both companies survived in the immigration hosting country even though they didn’t have explicit CSR rules. Running a company with quasi-CSR concepts in mind in fact was an effective way to differentiate the two immigrants’ companies from other companies in the industry because both businesses survived and thrived after doing businesses for more than 10 years and had strong support from their existing clients who referred new clients and/or kept using the services. The author had identified useful information in understanding further the factors which induce the execution of CSR in both SMEs by using the thematic method to analyze data collected from interviews with owners and employees. In addition, at the end of the core action research project, the author, owners and employees worked collaboratively to generate a set of CSR rules fitting each company. In addition, another contribution of this thesis was the exploration of immigrants’ methods to survive in an immigration hosting country.

#### **6.4. Contribution and Implication of This Thesis**

This thesis provides an alternative research method to explore CSR issues, a qualitative method via action research to explore SMEs' knowledge of CSR including their perspectives of CSR, factors influencing their CSR perspectives and ways to implement their CSR. Hopefully, when enriching the understanding of actual factors that SMEs' have in CSR implantation, at the same time, this thesis is able to induce further exploration of SMEs that are owned and operated in different industries, different cultural backgrounds and ethnic backgrounds to compare differences in industries, cultures and ethnic backgrounds. Exploring the execution of CSR in two SMEs in Vancouver provides not only insightful explorations of SMEs, but also encouraged thoughtful reflections from owners and employees of SMEs while executing CSR, and their ways for overcoming issues, particularly related to the improvement of their CSRs. As a result, the author believes this thesis provides positive contributions to the body of CSR research on SMEs and action research.

In addition, results of the core action research are actionable knowledge. Action researcher, participants in action research and others who are not directly involved in action research represent beneficiaries because they all learn from the action research, even though in different aspects. For example, as an action researcher, the author learned from new ideas generated from actions because new ideas are different from his initial ideas and thought. Regarding this part of learning, the author has explained it in details in Chapter 3, section 3.3.2 on page 45. At the same time, participants in action research learned meaningful outcomes to solve their real-life business problems. For example, in addition to having the appropriate set of CSR rule generated collaboratively during the action research period, participants from both SMEs learned the methodology of action research as their future problem-solving skill if they face new challenges.

Those who are not directly involved in the action research such as scholars, society and community are beneficiaries too because they can learn from knowledge

contributed by this action research. It is to say that results of this action research can be applied or acted on by others. The following are nine research results which could be treated as actionable knowledge for other business owners and researchers.

#### ***6.4.1 Owners' Background and Characteristic are Important to Initiate SMEs' CSR***

First of all, the author found that business owners' background and characteristic were very crucial to induce the performance of CSR for SMEs because owners of SMEs play roles similar to the CEOs, leaders, or high-ranking executives of big corporations. Owners of SMEs not only manage their companies but also decide the future development directions of their companies. From the literature review in Chapter 2, the author affirms that owners of SMEs and their background or characteristic are important to the formation of CSR initiatives. In the core action research project, both business owners shared their stories from when they were young. From their stories and comments, it is obvious to conclude the importance of family education in childhood to the formation of business owner's character. In addition to the family education in childhood, there were four other factors found from the core action research that may contribute to the formation of business owner's background and characteristic. They were sympathy, religion, past personal experience, and goals in life. Specifically, whether there were other goals in life than earning money and generating profits seemed to be important. When business owners had other goals in life such as having altruism in mind, then, business owners were willing to devote their money and resources to help others and to contribute CSRs. Also, business owners' past personal experiences were essential to the formation of owners' CSR attitudes too. Based on stories shared by both business owners, business owners' past personal experiences did induce business owners to keep kind attitude towards other people.



### ***6.4.2 Attitude of Employees***

Secondly, the author found that the attitudes of employees were important for the execution of CSR for SMEs. It seemed to be easier for SMEs to execute CSR when employees were willing to put themselves into clients' situations and help clients sincerely.

### ***6.4.3 The Higher the Similarity among employees and/or similarity between Employees and Employers, the Easier for Firms to Initiate CSR***

Thirdly, high similarity among employees and/or also similarity between employees and employers seemed to be a logical outcome for SMEs because owners would like to find people with similar backgrounds and personality to work together, especially for owners of SMEs in an immigration hosting country. From the SME owners' perspective, it was beneficial to do so because it was much easier to supervise and communicate with employees. Most importantly, for serving customers with same backgrounds, it is effective to have employees who come from the same cultural background and speak the same languages. Viewing from the aspect of CSR execution, high similarities among employees and/or high similarity between employers and employees are much easier for SMEs to reach an agreement on internal policy in order to execute business actions. Therefore, the higher the similarity level among employees and/or between employees and employers, the better are the outcomes from the execution of CSR. Hence, it is very difficult to have high similarity among employees and between employees and high ranking officers in large firms or when the size of companies is expanded because of the large number of people involved. Therefore, it is a good idea to set a list of explicit criteria when selecting new employees to increase the possibility of high similarity. Regarding this assertion, it could be a good topic for further research to see if this assertion is accurate or not by other researchers who are interested in focusing on different ethical groups, instead of Taiwanese and Chinese.

#### ***6.4.4 The Smaller the Size of Company, the Easier for Firms to Get Agreement on CSR Issues***

The author found that it is easier to reach an internal agreement on CSR issues for SMEs with smaller number of employees because when the number of employees is smaller, there are less people involved and it is more likely for them to reach an agreement. Regarding this finding, it is suitable for others to conduct further research on SMEs with bigger employee numbers such as companies with 30, 50, or even bigger number of peoples to compare the easiness of reaching agreements in CSR executions of different company sizes of SMEs.

#### ***6.4.5. The Higher the Competition Level in the Market, the Higher the Possibility for Firms to Initiate CSR***

The author asserts that the monopolistic competition market is an important external factor inducing firms to execute more CSRs because of competition among firms. Execution of CSR becomes an important strategy to differentiate one SME to other SMEs. Further action research could be done to explore large corporations in the oligopoly market to see whether less competitive market environment is a factor for reduced executions of CSR.

#### ***6.4.6. The Higher the Support from Existing Clients, the Higher the Possibility for Firms to Initiate CSR***

The author also claims the followings two factors are important for inducing SMEs' execution of CSRs. They are (1) whether the company has business from referrals of existing clients and (2) whether the company has further business from their existing clients. These two factors are important to SMEs' business reputation. When the ratio of returning clients and referrals to the overall business is high, it provides a strong signal for business owners of SMEs to keep what they served to their clients. It also

provides owners of SMEs strong incentives to keep their good business conduct and also high quality services. For SMEs, words of mouth seem to be a good marketing strategy. Hence, support from existing clients seems to be important to SMEs.

#### ***6.4.7. Culture is Important in Formulating Owners' Background***

In this thesis, both business owners have the same common Taiwanese culture because they both migrated to Canada from Taiwan. Taiwanese Culture in fact is heavily influenced by Confucianism because Confucianism is kept and lectured in Taiwan since the authority of the Taiwanese government relocated from China to Taiwan in 1949. The author did not explore companies owned by different ethnic groups for culture comparison in this thesis. Therefore, the importance of Confucianism is unable to be verified directly. But, it is for sure that Confucianism plays a role influencing SMEs CSR formation in this action research. It would be a good research topic for further exploration to examine the actual degree of influence. Undoubtedly, culture is an important implicit factor in formulating the two business owners' backgrounds and characteristics in the core action research project.

#### ***6.4.8. The Lesser the Stakeholders, The Easier for Firms to Initiate CSR***

For SMEs owners, employees, customers and society are the main stakeholders of their businesses. It seems to be easier for SMEs than large corporations to harmonize benefits and interests of all possible affected parties because there are less employees and customers for SMEs

### **6.5. Conclusion**

Before conducting the action research in this thesis, it seemed to the author that

company sizes do matter for CSR related issues. For example, people normally assume the larger the corporate sizes, the better and more executions of CSR because large firms would value their reputations more and have higher budgets and stricter rules to execute CSRs. Similarly, people assume SMEs are smaller and have less funding available. Therefore, SMEs have less ability and chances compared to large companies to execute CSRs. However, based on results collected from the core action research project of the two local SMEs, the business owners did value CSRs because they had high self-esteem and were willing to implement CSRs. One of the SME owners in our action research claimed his intention of setting up the company was not to maximize the profits. He just needed to have some income to support the family. His true intention was to help people and promote Taoism to people in Canada. It was a big shock to see profits in fact were not important and were not treated as the first priority for the business owners.

The execution of CSR is a dynamic process for SMEs because of consumers. The author found the importance of consumers to SMEs too; but with different motivations and causation. It is worth to mention that when both SMEs in this action research executed their own versions of CSRs, they did not consider using CSR as a marketing strategy to attract more business. Therefore, the implementation of CSRs was not aimed for attracting more consumers and/or for increasing profits. However, their openness to the CSR process was observed by their clients. Both companies had received support from existing clients. This positive support outcome induced both firms to conduct more CSRs. The trigger effect of an unplanned positive attitude towards the execution of CSR seemed to be much bigger than expected. Being kind to people deserves a great outcome.

Money and profits should not be treated as the only goals for human beings and firms. Other goals in life such as helping people in need may change business owners' conduct dramatically. The author encourages firms to change from profit maximization to profit optimization. Profit maximization focuses only on profit itself and ignores all other important issues such as CSR. When firms only focus on the profit maximization, firms may use different ways including immoral and even illegal

ways to get as high profits as possible in the short run. However, profit optimization implies a good balance between profits and other goals such as CSRs simultaneously in the long run. Indeed, it is a tough job for business owners who live and operate their businesses in a materialized and fast pace of living environment to value more in their other long run goals in life than profits in the short run. In particular, family education in childhood, owners' past life experience, sympathy, culture and religion are five important factors found in this action research that are formulating SME business owner's background and characters to consider other goals in life. In addition to the business owner's background, size of the company, similarity among employees and similarity between employees and employers, support from existing clients, the type of business market structure and attitudes of employees are five important factors found in this action research that are enhancing SMEs to implement CSR successfully. See Figure 6.

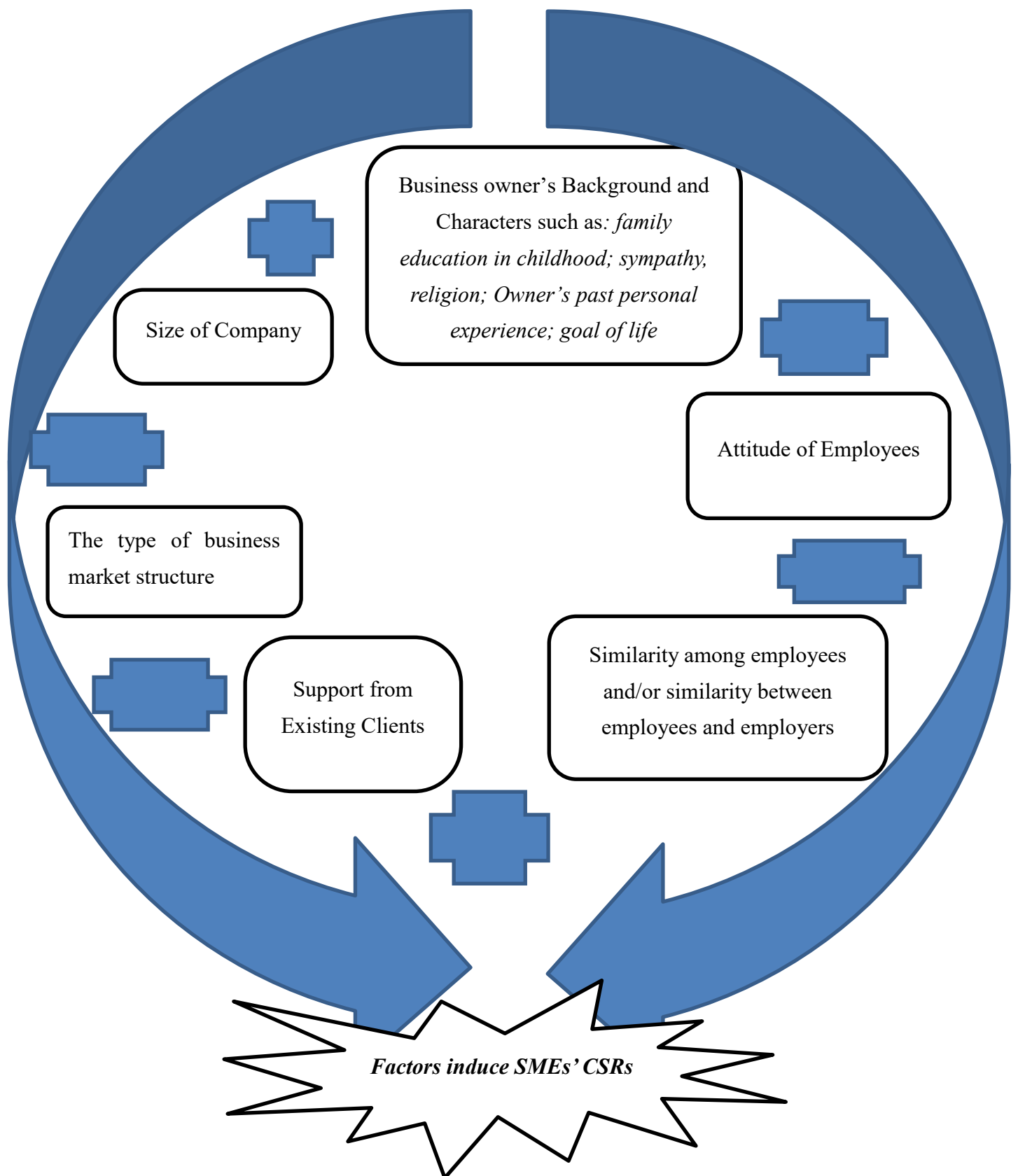


Figure 6: Factors induce SMEs' CSR

## **Appendix 1: Notes on conversations in Core Action Research Project**

While conducting this action research in both companies, the author chatted with the staff and owners of each company individually in order to collect their responses respectively and to protect their privacy. The author has been requested by owners of both companies not to record digitally or to video tape conversations the author has with them and their employees because they don't feel comfortable to be recorded or taped. To respect their willingness and to behave ethically, the author has to use a conventional note keeping method to write down keywords and key concepts that he had with each participant. Hence, the author is unable to duplicate exact wordings of every sentence he had with every participants. The followings should be treated as key contents that he has kept and remembered with each participant. In addition, to visualize what he had chatted with participants, the author presents these key contents in a format of dialogue to show the interactions he had with each participant. To let conversation notes be readable in a smooth pace, the author has formalized the conversation with adjustments in grammars.

### **1, Company A**

#### **Cycle One**

*Conversations in Constructing and planning action (creating a formal set of internal CSR rules)*

*AR (Action Researcher) and AI (Dr. L)*

**AR:** Good morning Dr. L. Thank you very much for allowing me to conduct this action research at your company to explore the execution of CSR at your company.

**AI:** It is my first time to work together with researchers. I am curious about possible findings you may have.

**AR:** You will for sure know my findings when they are available. I sincerely appreciate your support. We will work together to solve possible CSR issues if there are any.

**AI:** Good.

**AR:** Do you have any internal corporate social responsibility (CSR) rule?

**AI:** My school is a small one. We do not have formal rules of CSR. But, I have had some CSR ideas in mind while setting up this business.

**AR:** Could you share with me your ideas of CSR at that time?

**AI:** My ideas could be divided into two parts, for both internal use and external use respectively. Regarding my ideas of CSR for internal use, they are simple. I want to be a good boss. I want to treat staff members and instructors with respects. Particularly to my staff members, I want to treat them like good friends and family members. It is tough to survive in a new country. I want to help employees to survive too because I have gone through similar difficulties. Regarding my ideas of CSR for external use, my goal is to assist students and their parents as much as possible. So, doing the right thing to help people in need is my second idea.

**AR:** What do you mean “*doing the right thing to help people in need*”? What is the right thing you want to do? And who are those people in need? Are they students and parents?

**AI:** Yes, what I meant about people in need refers to students and parents of my school. All my clients are Chinese from China, Taiwan and Hong-Kong. A big



portion of my clients are new landing immigrants who migrated to Canada less than 2 years ago. Besides, some of my clients are international students. Their parents or grandparents stay in Canada to take care of their children or grand-children's daily livings. Most of my students plan to study at top universities in the United States and only a small portion of students plan to stay in Canada. But for students who want to study in the United States, they do not know how to achieve their goals. They are new to Canada and they do not have enough information. Besides, most parents or grandparents do not have good English ability to assist their kids. So, I have tried to offer appropriate courses such as SAT, AP to assist my students. Normally, my employees offer free consulting to students and their parents/grandparents to assist them figuring out their goals; then my staffs suggest what students should do for their application of universities in the United States,

**AR:** Thank you for sharing with me your ideas of CSR. Have you shared your CSR concepts with your staffs?

**AI:** No. I haven't.

**AR:** Why not?

**AI:** I don't think it is necessary to say or promote what I thought and force my staffs to follow what I say. I treat these concepts as basic values that people should behave. I believe my staffs would also have these similar basic values in mind.

**AR:** Since you don't like to force your staffs to follow your CSR thoughts, is it ok if we let your employees work together to create a set of CSR rules that fit your company? Then, the set of CSR rules is an outcome contributed by every employee.

**AI:** It sounds good. We can try it.

**AR:** Thank you, Dr. L. I will collaborate with your staffs to create a set of rules and execute it. I will talk to you several weeks later after I finish my talks with your employees.

**AI:** Sure. Good luck for you. Bye for now.

**AR:** Thank you very much.

**AR and A2 (Mrs. L)**

**AR:** Mrs. L. Thank you for your time to join with me in this brain storming process. Besides, I want to thank you again for the introduction of your company and business you gave me several days ago.

**A2:** My pleasure.

**AR:** I talked to Dr. L yesterday. From the conversation I had with him, I realized that there is no formal CSR rule in your company. As a supervisor, how could you make sure your staffs and yourself have done the best to keep CSR in mind whenever you execute any business decisions?

**A2:** You are right. We do not have a formal CSR rule. Sometimes, it is an issue for me and my staffs because Dr. L and all staffs were not on the same page.

**AR:** Could you give an example to explain in detail the decision making process inside your organization?

**A2:** Did Dr. L tell you what we had offered for preschool kids?

**AR:** No. He did not. What is it? Is it related to what you want to share about your decision making?

**A2:** Yes. It is related. About two years ago, Dr. L wanted to offer a nonprofit course called “Disciple gauge”, an excellent set of Chinese rules of discipline for preschool kids. His goal was to train the young generation of Chinese the Confucianism. It was the first non-profit course in the company. After explaining his thoughts, one of the senior staffs who had been an elementary teacher in Taiwan volunteered to design and teach this course. It was very popular and caused us some inconveniences because the demand for the course was much higher than what we could accommodate. In fact, we just asked parents to pay the material costs and some extra utility fees to cover our costs of hydro and electricity. We had to offer a big section of class with 18 students instead of one small section class of 5 to 6 students due to the demand. In addition, we had to have extra two staffs in addition to the instructor to handle this course because students were all young children between four to six years old. After offering for one term, we had to suspend this course for restructuring. We suffered losses because of the need of three staffs to handle one non-profit course. We had to adjust staffs’ work schedule to fit the extra workload. This loss experience was caused by our staffs’ ambiguity in understanding of the extent of CSR that our company could afford to do and also inexperience in the execution of CSR in offering nonprofit course.

**AR:** Do you still offer this nonprofit course?

**A2:** We do. But, we only accept limited number of students each time. First come, first serve. When the number exceeds the capacity, we put them on the waiting list for the next available section.

**AR:** How many students now are allowed to study at your “Disciple gauge” course per time?

**A2:** Now, we only accept 8 to 10 students each time because of limited funding we have.

**AR:** I see. So, you agree there is a need to set up a clear set of CSR rules in your company.

**A2:** Yes, I agree. I think it is better for us to have a set of CSR rules to define what we should do and even how much we could do if it is able to define in such a detail.

**AR:** If so, what are possible rules you have in mind that are suitable or appropriate for your company?

**A2:** I don’t have a clear picture of CSR rule now for my company. But, I think in general, a set of CSR rules for any company should include a company’s possible contribution to its clients, the society and also to its employees.

**AR:** Why should these three fields be included?

**A2:** These are what I have in mind after reading many news and articles from magazines covering CSR issues.

**AR:** In fact, these three fields have been covered in literatures. You have a good sense.

**A2:** Thank you. I have a good habit to watch News on TV, reading News Papers and magazines when I am not busy.

**AR:** What should be included in each field you mentioned for your company?

**A2:** To our clients, we should be honest. To employees, we should be kind. To the society, we contribute as much as we can.

**AR:** It seems to me that what you have said is good for the guidelines of each field. Are you able to explain more specifically?

**A2:** I have not thought about CSR in details. I need to have more time to think.

**AR:** Fair enough. I will talk to other staffs based on your ideas and come back to share with you later.

**A2:** Sure.

**AR and A3 (Staff 1)**

**AR:** Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A3:** I am a little bit nervous. This is my first time to be part of a research.

**AR:** You don't need to be nervous. All you have to do is to say your true feeling whenever I ask you a question. You also can ask me questions or adding any extra comments whenever you have.

**A3:** Ok.

**AR:** How long have you worked here?

**A3:** I have worked here for a little bit more than 10 years.

**AR:** It is a long time. You must be happy to work here. Are you?

**A3:** It is a small company; but it is a nice place to work.

**AR:** What is the best part you like to work at this company? Is it because of salary, working hours, colleagues or others?

**A3:** I think what I like best here is the comfortable feeling to work here. I come here to help students and their parents. Besides, I come here to make friends. I have built good friendships with my colleagues and clients.

**AR:** It is for sure the best reasons I have heard to work for a company. So, what is your main duty at your company?

**A3:** In general, all staffs have roughly the same duty, which is to help students and their parents and answer their questions. So, internally, we are called front desk

teachers. In addition to the above mentioned duty, I also personally handle advertisement issues and deal with tough clients because I have worked here for a long time. I used to own my afterschool tutoring company before migrating to Canada. I have interests and experiences in dealing with these two issues

**AR:** You must be a great asset for your company because of your past experience. Could you explain further about tough clients?

**A3:** Sometimes, we have to deal with parents who are very demanding and picky. They want to order you to finish a task such as arranging private tutoring service to fit their time schedule. We for sure want to satisfy their needs. However, we are unable to force instructors to follow what exactly parents want because instructors have their own schedules, too.

**AR:** So, have you ever been mad and frustrated because of tough clients?

**A3:** I did feel upset and frustration long time ago. At that time, I could not understand why people would behave so rudely and unnegotiable for issues. But, after working here for years to deal with tough clients, I have built up enough patience to deal with them. Nowadays, I have considered issues from their points of view. Besides, in most of cases, these tough clients are new to Canadian society. They still use the ways they had in Asia to deal with people because they believe money talks. They think they are able to use money to get whatever they want. For this type of tough clients, they still have to learn right ways to do things in Canada. So, I also have tried to educate them politely about the appropriate mainstream ways to do things such as respect others and also be patient in Canada.

**AR:** Apparently, you are brilliant in dealing with tough clients. You have very good EQ and IQ.

**A3:** Thank you. It is still a learning process for me every time.

**AR:** Since you had been a business owner in afterschool tutoring industry in Taiwan, did you have your thought of CSR at that time? If you had, what were your thoughts of CSR?

**A3:** It was quite a long time ago, more than 20 years ago when I owned my after-school tutoring company in Taiwan. At that time, CSR was not a common term because business people had higher moral standards than business people today. In general, people were kind-hearted, less greedy and helpful to others. In fact, it was not common to hear business owners who committed immoral conducts. My CSR thought at that time was very simple. I only earned what I deserved to have. I did not lie to my clients to earn immoral money.

**AR:** I see. You have done a very interesting comparison of people in different time period or era. What have caused people to be greedy or not kind-hearted or not helpful for others according to your opinions? Do you have any thoughts?

**A3:** I think materialized world is a major reason. People are crazy for the advancement of technology and development of new tools such as cellular phones. Money can let you have happiness in this materialized world. People concern their self-interests and do not have sympathy for others nowadays. People become more selfish than before.

**AR:** I think your thoughts and comments are very interesting. By the way, one of you colleagues has some guidelines for the CSR. She suggests that *“To our clients, we should be honest. To employees, we should be kind. To the society, we contribute as much as we can”*. Do you agree that clients, society and employees are three aspects



of CSR execution that your company should focus on? How would you modify these guidelines further to make them rules?

**A3:** I have to be honest with you that I do not have a precise definition of CSR in mind. However, these three aspects seem to be appropriate. As I have said to you previously, my initial thought of CSR was to be honest to my clients when I owned a business more than 20 years ago. Combining my past CSR ideas, colleague's guidelines and the business of this tutoring company, I am more than happy to contribute and modify them. I think *"To the clients, we have to be honest and only suggest courses they need and do not oversell courses"*. Besides, donating money to help poor people in the society should be one of CSRs for larger companies because the company has earned money from the society and has to provide support for people in need as their feedbacks. But for SMEs like this company, normally, the annual profits are small. I am not sure whether the company is able to contribute financially to the society. So, I assume the extent of CSR contribution to the society should be subject to the funding issue. I suggest that *"To the society, subject to the availability of funding, we contribute as much as we can such as offering non-profits courses, free educational information and volunteer chances for students"*.

**AR:** Both of them seem appropriate CSRs for this company. You have done a good job.

**A3:** Thank you. Regarding the CSR on employee part, it is very important too. At the beginning of our chat, I have shared with you my enjoyment and happiness to work here because of the working environment. When employees are unhappy about their jobs and working environment, the company will have troubles to keep employees.

**AR:** I agree with your comments. Do you have any suggestion regarding to internal CSR rules on employees?

*A3: “To the employees, the company should treat them sincerely and offer appropriate salary”.*

**AR:** Great job. We now have a set of CSR rules focusing on clients, employees and society. Thank you very much for your participation and contribution to draft the internal CSR rules within organization. I will be back to you for the next run of brain-storming after I finish my chats with other staffs.

**A3:** Sure. Talk to you later.

#### ***AR and A4 (Staff 2)***

**AR:** Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A4:** Thank you.

**AR:** How long have you worked for this company?

**A4:** I have worked at this company for about 10 years.

**AR:** Do you enjoy working here?

**A4:** Yes, I do. I love to help students and their parents. I was an elementary school teacher in Taiwan before immigrating to Canada.

**AR:** So, you must be very familiar with this working environment. Could you explain how do you help students and their parents here?

**A4:** In general, there are two types of students coming to this tutoring school. Students of the first type come here because they need help improving their learning at schools. I and other staffs just arrange them to take the right tutoring class they need. Students of the second type come here because they have high ambitions to study at top universities in USA. Then, we have to know their future plans, interests, family backgrounds etc. in order to suggest to them the appropriate courses to choose. For examples, for a student who has interest to study in any business field, we will suggest him/her to take AP Microeconomics and AP Macroeconomics because these two are foundation courses for all business major students. For science students, we will suggest them to take AP Chemistry, AP Calculus (A, B), AP Physics (B, C) or AP Biology etc.

**AR:** Regarding the second type students, if the students do not know their interests or have no specific future plan, what do you suggest to them?

**A4:** We did have some students in the past knew nothing of their future plans. They wanted to study at universities in USA just because parents' friends had sent kids to study in USA. We normally would ask students to reconsider seriously about their own strengths and weaknesses in order to know their chances of being accepted by American universities. We will slow down the pace in order to figure out the best strategy and then arrange appropriate courses for students.

**AR:** So, your role is like counselors at high schools to assist students.

**A4:** Yes, I think so. But, I also help parents too. I have provided suggestions for parents to understand their teenager kids.

**AR:** Could you explain more about this?

**A4:** The majority of our clients are Chinese immigrants. Chinese parents still keep their Chinese style which may include physical punishment to deal with kids' learning issues at schools. It is not acceptable in western culture. So, I have to educate them and help them to think in Canadian ways.

**AR:** I see. I have heard a similar comment from one of your colleagues who also offer “educations of Canadian ways” to clients who are new immigrants.

**A4:** Yes, all staffs here have done this type of job every day.

**AR:** Should every corporation behave socially responsible?

**A4:** I think bigger corporations must have stronger CSR because they have stronger financial ability to contribute to the society. But, SMEs are much smaller both in size and in their financial abilities. I don't expect to see SMEs' executions of CSR.

**AR:** Do you mean that the general public should not expect SMEs to perform CSR because of their limitations or SMEs have no responsibility to execute CSR?

**A4:** What I meant is the first one you said. But if SMEs have intentions to perform any kind of CSR, it will be great for the society.

**AR:** So, what is your thought of CSR that SMEs should behave if they are willing and able to execute? For example, what should your company behave to be socially

responsible?

**A4:** Since my company is in the tutoring industry and is an educational institution, my company may offer some courses that are beneficial for the society. Actually I have assisted my company in offering a Chinese course for preschool kids to remind them appropriate Chinese concepts of disciplines. It is a popular course; but it is too costly for the company.

**AR:** Is it called “disciple gauge”?

**A4:** Yes. Did someone tell you this?

**AR:** Yes, I heard it from one of your colleagues. You developed this course and also taught this course. You did a good job because it was so popular. Do you know why it was popular?

**A4:** Ha. Ha. It is still a popular course. But, owing to the limited budget, we have to keep the class small. I guess that Chinese parents like to let their kids to keep their Chinese roots and learn more Confucious thoughts. In Canada, or any western society, individualism is the mainstream. Kids are allowed to call teacher’s first name and even parent’s first name. Hence, Chinese parents like to have the courses teaching kids conventional Chinese disciplines and respects before their kids have been influenced too much by the western cultures.

**AR:** I see. From your foregoing explanation, may I say that offering such kind of Chinese course should be treated as an execution of CSR for a corporation like your tutoring school?

**A4:** Certainly. My boss did have intention to contribute to the society when he asked me to design this course two years ago. But, we initially did not expect such kind of popularity.

**AR:** Do you agree the following set of CSR rules contributed collectively from your colleagues as internal CSR rules in company?

*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information and volunteer chances for students”.*

*“To the employees, the company should treat them sincerely and offer appropriate salary”.*

**A4:** I think they are good rules. I agree to use this set as our CSR rules.

**AR:** Thank you very much for your time and contribution. I will chat with you again later.

**A4:** Sure. Bye-bye.

**AR and A5 (Staff 3)**

**AR:** Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A5:** Thank you.

**AR:** How long have you worked for this company?

**A5:** I have worked at this company for about 7 years.

**AR:** Why did you choose this company?

**A5:** I worked as a staff at a postsecondary institution before my immigration to Canada. When my kids grew up and studied at high schools roughly seven years ago, I decided to re-enter the job market to find a job. I tried to find jobs at the educational field because of my past experience. Owners of this company are Taiwanese immigrants and I got a referral from my friend to have a job interview here. I was lucky to get this job because owners wanted to have staffs with same Taiwanese cultural background and also to have work experiences in educational field.

**AR:** It was a perfect match for your bosses and you.

**A5:** Yes. It was.

**AR:** It seems to me that most of your staffs have past work experience in educational field.

**A5:** Yes, we all had work experience in educational field in Taiwan.

**AR:** In addition to the similarity in work experience, most staffs are roughly in the same age range and also in similar educational background. Do you think high similarity among staffs is a good feature for your company?

**A5:** I think so. In fact, similarity enhances the speed for us to reach a conclusion when we are in a meeting because we have roughly the same judgment and ideas in issues and values.

**AR:** So, in a meeting, you and colleagues can reach a conclusion in an efficient way because you have roughly the same opinions, values, judgments and reaction approaches which were all induced by the high similarity in backgrounds. Does this high similarity reduce the possibility to have diversity in opinions?

**A5:** It looks like there is a shortage of diversity because of high similarity among staffs and owners. But, we are a small company. Diversity in a small company is not so helpful to induce creativity. To the contrary, similarity enhances us to work harder because we have same values in issues.

**AR:** I see. Do you think staffs and owners in this company have similar attitudes toward the execution of CSR?

**A5:** I believe so. Maybe we have slightly different understandings of CSR; however, all of us believe in same values such as the importance of honesty and virtue of being a human being. For examples, we do not lie to students and their parents.

**AR:** From your explanation, do you agree the following set of CSR rules that are created collectively and collaboratively by your colleagues?



*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information and volunteer chances for students”.*

*“To the employees, the company should treat them sincerely and offer appropriate salary”.*

**A5:** I agree the last two rules because they reflect the real situation we have. Regarding to the first one, I think we have done more. In fact, we also do our best to help students and their parents to communicate with each other. We also educate parents who are new to this society.

**AR:** I don't get it. Could you explain more of your claim about helping students and their parents to communicate with each other?

**A5:** Generally speaking, parents who send their kids to study tutoring classes at my school are so eager to know performance and learning outcomes of their kids. But high school students do not like to let their parents knowing too much of their performance at our school because they have treated themselves as big grown up. They want their privacy. So, we have to balance between parents' concerns and students' privacy.

**AR:** I see what you mean now. So, you guys have been helping both kids and parents to let them be satisfied of each other.

**A5:** Yes, we help parents by educating parents to relax and not pushing their kids to

generate too much stress. We also want to assist students to respect their parents and to be self-motivated to work harder voluntarily in order to achieve parents' expectations.

**AR:** So, according to your opinions, what should be added?

**A5:** I only add extra wordings to the first rule to reflect the fact. So I think the set of rule should be like the followings.

*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses. We have to help students and their parents to communicate with each other”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information and volunteer chances for students”.*

*“To the employees, the company should treat them sincerely and offer appropriate salary”.*

**AR:** Thank you very much for your contribution and shares of your thoughts.

**A5:** You are welcome.

**AR:** We will chat later.

**AR and A6 (Staff 4)**

**AR:** Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A6:** Thank you. I am happy to involve this research.

**AR:** How long have you worked for this company?

**A6:** I have worked at this company for slightly more than 2 years.

**AR:** Why did you choose to work here?

**A6:** I immigrated to Canada because of marriage. My husband is a Canadian Chinese. He is teaching ESL at many different schools. He used to work here. He told me this company is good. So, I submitted my resume when there was a job vacancy. Then I got it.

**AR:** I see. Do you like your job here?

**A6:** I like it very much. I am the youngest employees here. My colleagues treat me like their younger sister. I feel very fortunate.

**AR:** I am happy to know your enjoyment here. Have you worked in tutoring industry before?

**A6:** I did. Before relocating to Vancouver, I have worked 5 years at a big tutoring

school in Taipei handling so many issues such registration for new students, course arrangements, classroom arrangements, contacting instructors and contacting students.

**AR:** So, you are used to this working environment. Are there any major differences you have found between your current job and your previous job in Taipei?

**A6:** In general, they are roughly the same. But I have to do one extra job which is to share Canadian information to parents because some parents just immigrated to Canada recently.

**AR:** So, even though you are also a new immigrant in Canada, you also share what you know with other new immigrants. Are you happy to share with them your information?

**A6:** I am. But, sometimes, I have to get help from my colleagues because I still have many areas I do not know since I am also relatively new to Canada.

**AR:** I have heard similar comments from your colleagues too. So, all staffs here have played roughly the same role which is providing information to parents every day.

**A6:** You are right.

**AR:** Do you agree the following set of CSR rules contributed collaboratively from your colleagues as internal CSR rules in company?

*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses. We have to help students and their parents to communicate*

*with each other”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information and volunteer chances for students”.*

*“To the employees, the company should treat them sincerely and offer appropriate salary”.*

**A6:** May I modify the second rule? We have done more than what you have said. I think *“To the society, subject to the availability of funding, we offer non-profits courses, free educational information for students and parents, and volunteer chances for students. We have to provide Canadian information and Canadian ways of thinking to parents when they ask”.*

**AR:** Your adding does reflect what you have done to the society and clients. Thank you very much for your time and contribution. I will chat with you again later.

**A6:** No problem. It is my pleasure.

### ***Notes of taking action in Cycle One***

***Group meeting: AR, A1, A2, A3, A4, A5 and A6***

**AR:** Dr. L, Mrs. L and all staff members, I spent two weeks to finish my first run of chatting with you and all employees because I didn’t want to delay your regular businesses. I had to find your breaks to chat. I finally have a set of CSR rules created collaboratively by all of you. Do you have any suggestion or comment?

*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses. We have to help students and their parents to communicate with each other”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information for students and parents, and volunteer chances for students. We have to provide Canadian information and Canadian ways of thinking to parents when they ask”.*

*“To the employees, the company should treat them sincerely and offer appropriate salary”.*

**AI:** Ha ha. I have told you that my staffs would also have similar basic values in mind like mine. I think what they have created actually matches my thoughts.

**A2:** In general, I agree with Dr. L’s comment. But, there is a need to change slightly for the third rule. To our staffs, we offer them a reasonable salary. We also increase individual staff’s annual salary based on each staff’s seniority. We also provide them flexibility if they have the need. Say, if they have to handle their family issues, we will do our best to allow their adjustment of working schedules. In short, we treat them with respects and kindly with sympathies. Could I change the third rule to the following?

*“To the employees, we have to treat them sincerely like friends and offer appropriate salary based on their seniority”.*

**AR:** It looks fine for me. Are you all happy about this modification?

A3: When owner treating staffs with respects and kindness, we staffs normally respond to owners' kindness with even higher efforts and devotions to jobs. I think it is a mutual relationship. It is also a win-win strategy for both sides.

**At the end of the meeting, everyone agrees to use the following set of CSR rules as the official CSR rule. They agree to let the set of CSR rules be effective right way and decide to re-evaluate this official set roughly five to six weeks later from now. So I will start my reevaluation process in middle of September.**

*“To the clients, we have to be honest and only to suggest courses they need and do not oversell courses. We have to help students and their parents to communicate with each other”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information for students and parents, and volunteer chances for students. We have to provide Canadian information and Canadian ways of thinking to parents when they ask”.*

*“To the employees, we have to treat them sincerely like friends and offer appropriate salary based on their seniority”.*

***Evaluating action in Cycle One and Constructing and planning action in Cycle Two (six weeks after the first action)***

***AR and AI***

**AR:** Dr. L, Do you observe any positive results after applying the set of CSR rules in the past six weeks?

**AI:** In fact, I did personally hear a conversation between my employees and clients. During the conversation, the client mentioned that one of my past students had suggested her son to come to my school because of the quality of teaching. I have confidence about the quality of lectures my school has offered. I am very happy to see new clients coming from referrals of my past clients. But, I am not quite sure whether this outcome is caused by the creation of the formal set of CSR rules. Actually, I am not sure whether there is causation between the establishment of a formal set of CSR rules and support from clients. As you know, even though there was no formal set of CSR rules in my company before, I and my staffs do have good CSR concepts in mind. We should have done a good job to provide appropriate business conducts.

**AR:** I do understand your comments. I think you are right. I have heard similar comments between your staffs and new customers before the completion of internal set of CSR rules. Your past students and their parents have recommended your school strongly to new students. How many percent of your new clients choose your school because of word of mouth of quality of teaching?

**AI:** A little bit more than 70 percent. My staffs told me this answer six months ago in the meeting.

**AR:** What a good job you have done. I hope you don't mind me asking the following question. Do you pay referral fees for your past students and their parents?

**AI:** Not at all. I don't mind your question. I don't supervise the daily operation. I can't give you an answer. But, I think my staffs don't pay referral fees because there are so many referrals and we do not have this budget. In fact, we only have limited marketing budget for commercial advertisement. All marketing budgets are for the advertisement on one Chinese Newspaper and occupationally on the Chinese channel. Our staffs do not get any commissions fees for recruiting extra students. I don't



expect any one of them would pay referral fees from their own pockets to old clients.

**AR:** Have you ever considered extra costs that you have to pay if you want to execute CSRs since now you have CSR as internal rules of your company?

**AI:** Actually, I do not treat earning money as the most important task for my personal life and for my business. I realize generating profits is important for a business; however, the most important goal for me to achieve in life is to utilize my ability to do as many right things and to help as many people in need as possible. I don't mind to pay extra costs if it is worth-while to do so.

**AR:** I am so impressed to know your goal of life is helping as many people as possible. You are a nice guy. If you use an ex-post perspective to re-examine your initial ideas of CSR when setting up your business in late 90s, do you think your ideas of CSR are essential and beneficial for your business?

**AI:** I am sure that my ideas of CSR have contributed to the growth of my business and profits. For examples, most of staffs have worked for us for a long time. We do not need to train new staffs often. Because of their hard-working, we survive and have a steady student flow every year. At the same time, supports from my students and their parents have helped us in continuously offering courses year after year. If I do not treat my staffs and clients sincerely, my business is unable to survive.

**AR:** I am excited to know your thought of CSR. Your execution of CSR has brought you a successful business even though you did not have a set of formal CSR rules initially. Hopefully, after establishing this formal set of CSR rules, you have an even better business.

**AI:** Thank you. I am happy about my initial thoughts of CSR. When I set up my

business in late 90s, I didn't know the meaning of CSR well. What I had in mind at that time such as treating my staffs well and offering my clients right courses were just right things that should be done. I just treated these concepts as basic values that people should behave.

**AR:** What have induced you to be kind to your staffs and your clients?

**AI:** There are so many factors that have led me to be kind to others. For example, in my childhood, my parents educated me and my siblings to be kind to people who needed help. When I was at elementary school, people in Taiwan were very poor. At my village, there were people begging food and begging money on the street. When we went out for shopping, my parents would give me some coins & food and asked me to give coins & food to beggars. I did learn from my parents in my childhood to be sympathetic to others because life was not easy. After growing up, I left home to study at university alone in different city. At that time, I got help from many classmates and their parents when I was sick. When I studied my doctorate degree in eastern part of Canada, I received help and warm treatments from my local Canadian classmates and professors too because I was a lonely and poor international student. They invited me and my wife to have Thanksgiving dinner, Christmas Eve dinner at their homes. I think all of these factors have induced me to think about others when I make decisions because my decision may create trigger effects to others. In addition, I believe kindness attracts kindness; at the same time, hates and wrong doings attract karma.

**AR:** Thanks for sharing with me your story. Do you have any religion because you mentioned karma?

**AI:** I do. I am a Taoist. But I don't actively attend religious ceremony often. I am actually not very sincere in my religion. When I was young in Taiwan, I normally went with my parents and siblings to temples in Chinese Lunar New Year Eve. But

after immigrating to Canada, I did not have chances to go to temples. Besides, I am not a vegetarian either. As you know, Buddhists and Taoists are two major religious population groups in Taiwan and follows by Christians. Maybe I should say that I am a Taoist because it is one of conventional religions in Taiwan. However, I believe there is a mighty God and I also believe in karma. You have to pay back for your wrong doings eventually and you are blessed for your good doings and kindness.

**AR:** I see. Are there many SMEs business owners having CSR in mind like you have?

**AI:** I believe so. But there are still some SMEs owners violating CSR too.

**AR:** How could they disobey “basic values that people should behave” if I use what you said?

**AI:** Money. Chinese have an old saying that, “people die for money and birds die for food”. Business owners want to get as high profits as possible. To get high profits, people may do things wrongfully.

**AR:** I see. Do you have any concerns or issues related to the further execution of CSR in your company?

**AI:** As you know, my company is a small one. We do not have funding to particularly assist people in the nearby community. Besides, we do not have budget to upgrade facility by installing electronic lecture equipment in each classroom. We still rely heavily on conventional tools such as chalks and green boards and markers and white boards as our lecture equipment and have used plenty of papers to make examine copies and lecture notes. I hope in the future, we can also use environmental friendly equipment to lecture and also to reduce the paper consumption.

**AR:** I think you have modified your CSR concepts. From the foregoing sayings, you have considered the sustainability because of your thought of environment issues.

**AI:** You are right. I have considered the environment issues. We only have one earth. Caring for the environment should be treated as one of major aspects of CSR that business owners have in mind.

**AR:** Do you like to add a new rule of CSR to include sustainability of environment issue?

**AI:** I think we should. So, how about adding the following? *“To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption”*.

**AR:** It sounds great. Let me chat with your employees to see their reactions. Then I will come back to meet you again.

**AI:** Sure. See you later.

**AR and A2**

**AR:** Good morning, Mrs. L. Thanks for your time again. Could you share with me your feedbacks about the effectiveness of adopting a formal set of CSR rules at your company?

**A2:** I have not seen any obvious change before and after the adoption of a formal set

of CSR rules. Maybe what we have done before the creation of a formal set of CSR rules is appropriate. As you know even though we do not have a formal set of CSR rules, we have high morality and conscience in mind. We do not oversell courses to students, and we only suggest to parents and students the information that are necessary to them. For examples, we will not suggest Grade 12 students to take AP courses because it is too late to use results of AP exams to apply universities for September entrance. The AP exams are held in May and test results are available in July. We do not suggest students who want to study at Canadian Universities to take AP exams either because results of AP exams are not directly required by Canadian universities. So I don't see the change or effectiveness of a formal set of CSR rules.

**AR:** You and your staffs have been good and honest. You guys are not greedy to recruit students or to offer more courses than they need. Your feedback of no obvious change since the adoption of the action is similar to what Dr. L has said to me two days ago.

**A2:** Ha, we are a couple. We feel the same. Regarding your comments of our employees and me, yes, we are honest to our clients and also to our own consciences. We only earn money by using moral methods.

**AR:** I like your comment which is using moral attitude to earn money. From your observation of your CSR execution, which aspect of CSR do you think your company has done the best and which aspect of CSR your company has to do more?

**A2:** I think we have considered clients and employees more than the society because clients and employees are directly related to our day to day business and profits. In addition, we still have less knowledge about what we should do and how much we could do to benefit the society.

**AR:** I understand what you are saying. Besides, Dr. L has suggested adding additional

rule to reflect the importance of environment issue because there is only one earth. He suggests “*To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption*”. Do you feel comfortable to add this as an extra rule?

**A2:** I have no problem to add this rule because he and I had discussion of the environment issue two weeks ago. Since we are in the process to build up a complete set of CSR rules for this company, it is for sure an important aspect. My only worry is the reality issue.

**AR:** What do you mean the reality issue?

**A2:** Money. I think the reality is that this company is still small and the financial ability is limited. We have to consider carefully of survival issue of this company in order to have a practical and possible contribution to the society and to the environment. We actually do not contribute too much in these two aspects. In the past, in addition to the non-profit course that I have mentioned, we have trained students to be responsible volunteers by offering them chances to work as assistants here. They can earn their volunteer hours with official certificate for their university application.

**AR:** Yes, I have seen students typing and copying documents and also cleaning classrooms.

**A2:** We do not take advantages of their free labour. We actually want students to learn how to be responsible and helpful for an organization because most Chinese kids grow up from a single child family. They have been spoiled and treated like a king or a queen at home. So, correcting these students irresponsible behaviour is also what we have done to the society.

**AR:** I think your company has done a good job. Most importantly, even though your company is a small firm, at least you have tried very hard to improve what you can do in the execution of CSR.

**A2:** Thank you for your positive encouragement. We are doing our best.

**AR:** Thank you again for sharing with me your thoughts, what you have done and concerns of execution of CSR rules. I will talk to you later.

**A2:** Thank you for your help too. It is an interesting process.

### ***AR and A3***

**AR:** Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers

**A3:** Thank you.

**AR:** Thank you again for your further contribution. I am curious about your feedback of the action we had roughly 7 weeks ago. Do you think the action itself is appropriate? Have you seen any improvement in the performance of CSRs?

**A3:** The action itself is for sure an appropriate action because having a formal set of CSR rules is for the benefits of long term development of this company. The effectiveness is not easy to be identified because we have a small employee numbers. All employees have been honest with good intentions to assist clients. We have kept this good attitude and goal for years. If we had bad intention before the establishment

of a formal set of CSR rules, you could see the change obviously.

**AR:** I like your explanation. Your analysis seems appropriate. Besides, you have thought about long term development of your company instead of short term performance.

**A3:** Thank you.

**AR:** Have your supervisor or boss asked you to do things that you don't like to do?

**A3:** No. they never ask me to do things that are against my wills or violate my conscience.

**AR:** I see. Do you have stresses coming from recruiting students? For example, do you have to achieve a fixed recruiting quota per months or per term?

**A3:** No. all staffs do not need to achieve any quota for recruiting students. We do not have to worry this issue.

**AR:** No wonder you are happy to work here. Your colleague has suggested an extra CSR rule on environment. Do you agree the following? *"To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption"*.

**A3:** In general, I think adding this rule as part of the set is appropriate. Environmental deterioration such as pollution and global warming are two of serious issues I have known. We do have to consider the environmental issue not only for this generation



but also for further generations like our grandchildren. In our company, we have used a lot of paper for lecture notes and making exam papers. We should work hard to find a substitute method in order to reduce the paper usage.

*AR*: Thank you for your contribution and shares of opinions. I will talk to you later.

*A3*: No problem, any time.

#### *AR and A4*

*AR*: Thank you for your participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers

*A4*: Thank you and nice to meet you again.

*AR*: Thank you for joining with me again this afternoon. I hope you are not too busy this afternoon.

*A4*: I was actually a little bit busy this morning because of the start of new term. There were many parents asking the group class information. But, I am not busy in the afternoon.

*AR*: Thank you very much for your time. Let me go directly to my main concern which is to know your feedback of the action we did about 7 weeks ago. Was it an appropriate action to enhance the execution of CSR? Do you observe any difference before and after the development of a formal set of CSR rules?

*A4:* For me, the set of rules actually has induced my further thinking of CSR, in particularly, the execution of CSR to the society aspect. In fact, I have thought the wordings “subject to the availability of funding” for several weeks. As you know, I am the instructor who teaches the non-profits course for preschool kids. I am so eager to develop more courses and useful information seminar for students and parents. I have thought about asking other professionals such as immigration lawyers, accountants to join with us in offering free seminars at our second campus. We can cover topics that are important to new immigrants because many of our clients are new landing immigrants. Furthermore, I am also thinking of offering free or non-profit courses teaching Chinese cultures and languages to local Canadian students because China is becoming an important and powerful country and Chinese cultures are good.

*AR:* Wow, you did a good job. Did you share your ideas with your colleagues and boss?

*A4:* No. I have been working at this second campus alone since our last chat. I am still planning and have not achieved a concrete plan yet. Unless my plan is almost ready, I don't report to my boss.

*AR:* I see. No wonder I have not heard from other employees and your boss.

*AR:* By the way, since you are the staff member, when you lecture the “disciple gauge” course as an instructor, does your boss pay you extra salary to compensate your efforts?

*A4:* Why should he do so? In fact, he had offered to pay for my additional efforts. I told him it was not necessary. I was so happy to lecture this course for kids in Canada because I had taught this in Taiwan when I was an elementary school teacher. When the boss has good intention to do the right things; as a staff, I am so eager to help out

and contribute my efforts. For me, money is not the most important thing. I like to do something meaningful to the society.

**AR:** I am very impressed with your thoughts and your comments. You are really a good asset for your boss.

**AR:** By the way, your colleague has suggested an extra CSR rule on environment. Do you agree the following? *“To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption”*.

**A4:** Reducing paper consumption is a very good idea, we should include it. However, I think we should not be rush to have no paper consumption at all because it is not practical. At this stage, we could either recycle the paper or print lecture notes on both sides of a paper.

**AR:** Thank you for your thoughts. I hope you can finalize your plan soon to contribute more on the execution of CSR for your company.

**A4:** I will do my best.

**AR and A5**

**AR:** Thank you for your further participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers

**A5:** Thank you.

**AR:** I am curious to know your feedback of the action that we did about 8 weeks ago. Was it an appropriate action to enhance the execution of CSR? Do you observe any difference before and after the development of a formal set of CSR rules?

**A5:** Let me share with you a story. Yesterday, I spend two hours to deal with a tough client because she did not like the private tutor we had arranged for her son. She complained about everything. I was forced to accept and bear her complaints for two hours because I did not want to increase her anger and upset level. After finishing her case, my colleague looked at me and said to me that “*You have done a good CSR job to calm down an angry mother and educate her the polite way of handling issue. Bravo*”. Even though I have dealt with this type of issue all the time; but this is the first time, I have thought about my attitude of handling issue in fact is a part of the CSR and even a reflection of CSR concept I have in mind.

**AR:** Thank you for your story. You have explained the importance of a formal set of CSR which is a good guideline to remind employees to do the right things when dealing with tough issues and facing frustration. I am curious how do you treat yourself while dealing with client issues?

**A5:** In general, I treat students like my own kids and treat their parents like my own close friends or siblings. So, I can treat both of them sincerely and handle their concerns like my own ones.

**AR:** You staffs are really great. You for sure make friends with your clients.

**A5:** I do. I think all staffs here including owners all behave roughly the same way. That is what I have said to you, high similarity is good thing for this company.

**AR:** I see. I am curious about the pricing strategy your front desk teachers have in

mind. I observe you guys have given favours to some clients but not all clients. Is it fair to all clients?

**A5:** We normally give out discounts to clients who have more than one course with us. The range is about 5% to 10% at most. It reflects our thanks to their supports. I think it is a pretty fair one. It is just like a quantity discount. When you buy more goods, sellers will provide you a better treatment if you buy more.

**AR:** I see. It is a pretty good strategy for marketing.

**AR:** By the way, your colleague suggested an extra CSR rule on environment. Do you agree the following? *“To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption”*.

**A5:** I agree because environmental issue is important for everyone and each company. We should contribute to this field too.

**AR:** Thank you for your time and opinions. I will talk to you again.

**A5:** Bye-bye for now.

**AR and A6**

**AR:** Thank you for your further participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A6:** Thank you and nice to meet you again.

**AR:** The main purpose of this meeting with you is to get your opinions. I am curious to know your feedback of the action we have done about 8 weeks ago and also your comment of an additional CSR rule on the environment issue.

**A6:** To be frankly to you, the application of a formal set of CSR rules does not change my way of doing things in the company because I have always treated my client sincerely since the first day of my work here. At the same time, I have done my best to offer information for clients and to suggest right courses for students and parents. So, if you want to use changes of behaviour to judge the effectiveness of action, you probably are unable to observe it from my performance. However, I have taken this formal set of rules as a set of motto seriously. I even use this set to remind myself and my colleagues when we feel frustration while dealing with tough client issues. When my colleague dealt with tough clients, I cheered her up to keep a positive thinking even though the process was awful.

**AR:** So, could I say that the action has positively affected you and your colleagues' attitudes to treat CSR in a very serious manner when you work?

**A6:** You can say that.

**AR:** Besides, your colleague suggested an extra CSR rule on environment. Do you agree the following? *"To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption"*.

**A6:** It makes sense to include this rule because the paper consumption is huge for us. It is a dilemma for us because it is necessary to prepare lecture notes and test papers for students. We do have to find a balance between protection of environment and

running a business.

**AR:** Thanks for your comments. I really appreciate it.

**A6:** I am more than happy to share with you my thoughts.

### ***Notes of taking action in Cycle Two***

***Group meeting: AR, A1, A2, A3, A4, A5 and A6***

**AR:** I have chatted with all of you in the past two weeks to collect your feedback. I appreciate your comments of the action we had done, which is the adoption of a formal set of CSR rules on aspects of clients, society and employees. Even though we are unable to see an obvious change of behaviour after the adoption of the rules; some of you do mention that you have been influenced by the set significantly because you do care more about CSR. In addition, all of you agree to include another rule to be part of your complete set of CSR. Therefore, we will take the second action, which is to include the fourth CSR rules into your official set. Besides, do you all agree to let the new set of rules be effective immediately?

***A1, A2, A3, A4, A5 and A6:*** Agree

**AR:** Then, we will evaluate this second action roughly 5 to 6 weeks later from now to see whether there is a need of adjustment. We will meet in early November.

The updated set of CSR rules is as following.

***“To the clients, we have to be honest and only to suggest courses they need and do***

*not oversell courses. We have to help students and their parents to communicate with each other”.*

*“To the society, subject to the availability of funding, we offer non-profits courses, free educational information for students and parents, and volunteer chances for students. We have to provide Canadian information and Canadian ways of thinking to parents when they ask”.*

*“To the employees, we have to treat them sincerely like friends and offer appropriate salary based on their seniority”.*

*“To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption”.*

### ***Evaluating action in Cycle Two (six weeks after the second action)***

#### ***AR and AI***

**AR:** Dr. L, Thank you very much for your time to share with me your further feedback of the second action that was executed in middle of September.

**AI:** I am very happy to let you know that I have observed significant changes regarding to the execution of CSR on the environment aspect. We actually have reduced the consumption of papers. We normally order 40 packs of A4 size paper per month. After the execution of the fourth rule, we have reduced the quantity of paper order from 40 packs to 30 packs. We have reduced twenty-five percent of paper usage.



**AR:** What a good job you and your staffs have done! I am surprise to hear such a big reduction percentage. But, I am not surprised to know this good result because I have observed many new policies in your company. For example, I have seen some signs on the walls at the copy machine area to remind people to reduce unnecessary coping. I also see boxes of recycle papers that are printed on one side at the copy machine area waiting to be used on the second page.

**AI:** You are right. In fact, we also encourage staffs and instructors to re-use papers for printing on the second page and also for scratch papers. Besides, we also suggest instructors to copy materials on both sides of a paper unless it is necessary to print one side only.

**AR:** I am excited to know your happiness of the execution of the fourth CSR rule and also your methods to execute. But, why didn't you pay attention to the environment issue before?

**AI:** I did not treat the environmental issue as a serious one because I treated the quality of print out such as lecture notes and test papers to students are more important than others. But, I have changed my thoughts now.

**AR:** Do you have any further needs to start a third run of action?

**AI:** I am satisfied for what we have done together in the past five months. In fact, I realize it is easier to see improvements of CSR execution on the environmental aspect because we have not done too much on this aspect. For the first three rules, I guess my employees and me have done pretty good jobs. Hence, it is difficult to observe changes.

**AR:** I agree with your comments. In addition, I think it is easier to see the quantity changes on the paper consumption. At the same time, it is hard to see the quality of service and actual concerns which you and your staffs have done to the other three fields especially when you and your staffs have done pretty good jobs since the operation of your business. Indeed, you guys can print out your set of CSR rules and post them on wall to show to your clients. I believe it will be good marketing strategy for your corporation image and also good to promote the CSR concepts to others who have seen your signs and posts.

**AI:** Thanks for your suggestions and kind words. We are still in the learning process to be an even better business.

**AR:** Dr. L. I am still in the process to chat with your employees to see their feedbacks. I will meet you again if they have any further suggestions on the second action and even a third action.

**AI:** Sure. See you later if you have a need to run the third action.

### ***AR and A2***

**AR:** Thank you for your time to let me know your feedback of the second action.

**A2:** We have done a pretty good job. Initially, I was so worry about the possible expenses of updating teaching equipment to high technology one such as digital projectors. Instead, I have chosen to focus on the reduction of paper consumption first because it is easier to execute. My staffs and I have made some signs to promote the environment concepts. In fact, we are thinking to order new paper packs made by recycle papers if the price of recycle paper is reasonable. In addition, we also set up several recycling boxes to reuse papers. We are thinking to extend the recycling

concepts further such as possibility of reusing the question booklet.

**AR:** Great. You and your staffs are good and serious to execute CSR. From your saving on the consumption of paper, you may eventually accumulate money to adopt digital equipment one day. Do you have any concerns of action two?

**A2:** I don't have any concerns of action two. I am actually happy to see the saving of money after including the fourth rule of CSR. Then from the saving of paper consumption, adopting the digital equipment is possible to be achieved sooner. It is on our list for sure.

**AR:** Thank you very much for your comments. I will come back to you if there is a need of third action.

**A2:** Sure, if there is a need.

### ***AR and A3***

**AR:** Thank you for your further participation of this action research. Your privacy and identity will be protected. Whatever you say will not be revealed to your employers.

**A3:** Do you know that we have reduced the paper usage dramatically?

**AR:** I did. What a good job you and your colleagues have done. It is an amazing job, 25% less than before. In addition, I have seen several signs such as “*We only have one earth*” on the wall to promote the importance of environment and no wasting of papers.

**A3:** We are all very serious about this issue. Actually, we have ordered refillable markers for white boards. Then we don't need to throw away markers every time when they are running out of inks. Eventually we will use digital equipment and abandon all environmental unfriendly or polluted methods of teaching.

**AR:** I am very happy to know you and your colleagues' strong determination of executing CSRs before and after your creation of a formal set of rules.

**A3:** In fact, I am very happy to be a contributor of CSR too. It is great to be parts of a great action.

**AR:** Do you have any further suggestions or modification of action?

**A3:** I don't have.

**In fact, after checking with A4, A5 and A6 respectively, they are satisfied about the action two. None of them have provided any concerns of action two. Besides, their comments are similar to what I have heard from A1, A2 and A3. Since there is no new information needed to be presented, I do not provide further dialogues of interviews that I have with them to prevent lengthy and redundant.**

**Therefore, in the Company A, we stopped at the Cycle Two.**

## **A2, Company B**

### ***Notes of Constructing and planning action of Cycle One (Sharing workload)***

#### ***AR (Action Researcher) and B1 (Mr. C)***

**AR:** Good afternoon Mr. C. Thank you very much for allowing me to conduct this action research at your company to explore the execution of CSR at your company.

**BI:** I am happy to meet you too. In fact, my company is a small family business. We do not have any formal rules of CSR. We do things based on the standard of honesty rule and “Hou Dao”. What I have done personally and what my company has done to clients are all using the same standard, being honest and being “Hou Dao”. You can call them as my CSR rules.

**AR:** What do you mean honesty? Could you define it?

**BI:** My definition of honesty is no cheating and no lying to people.

**AR:** I see. Could you explain further the meaning of “Hou Dao” and how do you use it as a standard for decision making?

**BI:** In fact, according to my understanding of Hou Dao, it means being “*honest, kind, virtuous and sincere*” to people. For example, when I deal with clients, I am honest to them. I tell them the truth without hiding information or lying to them. Then, I do my best to be kind, virtuous and sincere to my clients. For instance, if a client wants to replace his old carpet floor to hardwood floor, I will like to know his intention to install hardwood floor first. After knowing his intention, I will let him know the good

and bad parts of installing hardwood floor. Clients do not necessary know the hardwood floor very well. Clients may change their minds after getting more information. Therefore, I normally will do my best to provide as much information as possible for my clients. In fact, nowadays there are many types of good quality laminate floor sold in a reasonable price are available in the market. Laminate floor is much cheaper than hardwood floor. It is also easier to maintain laminate floor than hardwood floor because good laminate floor is water resistant and scratch proof. In addition, using laminate floor is more environmental friendly because laminate floor is not made by the whole real hard wood. We don't cut some trees to make the laminate floor. If my intention is to finish the job and get higher profits, I don't need to educate my clients. In general, the higher the price of products, the higher the profit margin I can get. But, I don't like to behave in this way. It is immoral to let clients to spend more than what they need to.

**AR:** I see. Thank you for your example. I actually also learn this useful knowledge for my next renovation. You are actually very honest. So, could I say your “Hou Dao” standard is describing your attitude to your client? What I meant is that you treat your clients honestly, kindly, virtuously and sincerely.

**BI:** Yes, I think your saying is correct. It is my attitude.

**AR:** Could you explain briefly why you use honesty rule and “Hou Dao” as your criteria for making decisions? Where did you learn this standard?

**BI:** I grew up from a sincere Taoist family. Based on Taoism, we have to be honest to ourselves, to parents, to other people no matter you know them or not, and also to the God. My parents taught me to be a good Taoist when I was very young.

**AR:** I see. Apparently, you are a sincere Taoist too. If you don't mind sharing more, what else did your parents and religion taught you when you were young?

**BI:** I don't mind. But there were too many things. Let me just briefly share with you some ideas. For example, I learned to be sympathetic to people because helping other is a good virtue. In addition, all living creatures, including animals, should be treated equally. For example, we all know that we can't beat or abuse animals because it is immoral to do so and it also violates the law. Apparently, animals have their animal rights too. When I was a little boy, I saw my neighbor killing pigs for getting pork meat. It was so brutal to observe pigs' crying and struggling before being killed. After seeing this scene when I was a little boy, I decided to become a vegetarian. I didn't want animal dying for me. I don't want people upset because of my conducts either. Hence, I don't want to take advantages of other people because they may feel painful emotionally and even financially.

**AR:** I see. So, what you mentioned such as being honest, being "Hou Dao", sympathetic, respecting people and living creatures and your past life experience such as seeing brutal killing of pigs have influenced you and transformed you to be a honest business man.

**BI:** Yes, I think my learning from Taoism and my parents have influenced me dramatically. Whenever I make decisions, I try to prevent any possible injury, damages to others because I don't want to hurt anyone and I do not like to take advantage of others either.

**AR:** I really like your learning. By the way, how many percent of your new clients choose your company because of word of mouth of quality of your work?

**BI:** I think those who have used my service once, they will come back to have my service when they need further renovations. Besides, they also help me to get new clients. Currently, there are about 80% of clients that are either my old clients or new clients from referrals. But, there are about 20% of clients that are new clients who got

my contact information from commercial advertisement.

**AR:** What a good job you have done.

**BI:** Thank you. I think being honest and being “Hou Dao” have helped me to keep my old clients.

**AR:** I see. Do you want to set up a set of formal CSR rule because you do not have it now?

**BI:** My business is a very small. As you know, in addition to my wife’s full time contribution to my works, all other family members such as my sister, my father and even my eldest son are my part-time workers. My employees are all family members. Besides, I make all decisions. There is no need for a formal set of CSR rules.

**AR:** I see your point. However, do you know that you actually have executed CSR even though you don’t have a formal set of CSR rules? For example, you have mentioned that using honesty and “Hou Dao” as your attitudes towards your clients because you don’t lie to clients to promote unnecessary renovations and wasting money on expensive materials. Besides, you have considered the environmental issue too. From your explanation to clients about selecting laminate floor instead of hardwood floor, you have shown your concerns of environment which is also one important aspect of CSRs.

**BI:** I think you are right. Could you help me to create a set of CSR that fits my company?

**AR:** For sure, actually you have followed the following two rules. *“To the clients, we*



*should be honest and “Hou Dao”. We provide clients correct information. We do not promote unnecessary and/or inappropriate renovations”. “To the environment, we suggest clients to use environmental friendly materials”.*

**BI:** I just realize that I indeed have executed CSR even though I don’t have a formal set of rules.

**AR:** You could use this set of rules and add more at later stage. Could you share examples of bad business behaviour (or violation of CSRs) that you have observed in the renovation industry?

**BI:** From my observations and what I have heard, there are three types of bad business conducts. The first common one is charging higher price for lower quality job. For example, it is a problem of no equivalence between price and quality. Renovation companies charge clients higher renovation costs and install lower quality materials. The second common problem is advising clients to do more than what they should do. For examples, renovation companies may suggest you to fix many things or remodeling your interior design, their main concerns are to use many labour hours. Labour cost is the most expensive part for renovation especially skilled labour like electricians and plumbers. It is bad because clients have been misled by the information. The third type is the worst one but less common. The occurrence of this worst case is normally caused by the arguments between clients and the renovation company. Therefore, the renovation workers try to punish clients secretly by intentionally doing the inappropriate job. For example, workers are supposed to glue each pipe line before connecting them. Without gluing pipe lines, clients may have big water damages years later. At the end, it will turn out to be a big trouble for clients.

**AR:** Wow. Thank you for sharing with me your observations of bad business conducts. From what you have said, we can even add extra part to your CSR rules. For example,

to the clients, we can add “*We charge clients the right price for the appropriate service. We do not cause troubles or to harm clients intentionally*”. Therefore, the final rule for the client is the following. “*To the clients, we should be honest and “Hou Dao”. We provide clients correct information. We do not promote unnecessary and/or inappropriate renovations. We charge clients the right price for the appropriate service. We do not cause troubles and/or to harm clients intentionally*”.

**AI:** Thank you. This set of CSR rules is indeed what I have followed.

**AR:** Great. If you use an ex-post perspective to re-examine your initial ideas of CSR when setting up your business in early 2000s, do you think your ideas of CSR are essential and beneficial for your business?

**BI:** I am pretty sure that my ideas of CSR have contributed to my steady workflow. As I have said before, most of my clients are clients who have used our service. So, I don’t need to worry too much about revenues. But, I have to let you know that my intention of running this renovation company does not focus on making profits. My main goal of life is to assist my parents to promote Taoism in Canada.

**AR:** I am happy to know your ideas of CSR have brought you a stable business. But I am very curious about your goal of life. Could you explain more?

**BI:** In late 90s, my family migrated to Canada because my parents’ intention to promote Taoism to Chinese in Canada. Because of this religious reason, I moved with them to Canada. Running this renovation business is to earn income for paying all living costs because we are not a rich family. Hence, working is only for supporting our main goal which is to promote Taoism.

**AR:** I see. I am very impressed about you and your parents’ devotions to your

religion.

**BI:** We are not the only people devoting time to religion. There are many other people who also contribute their time and money to their religion. I have seen many young men walking on the street or riding bikes to promote their Mormonism in Taiwan and even here in Canada

**AR:** I hope you don't mind my next question which is about the business scale of your company. Even though your business is stable, your company size is not growing. Why? Don't you want your business to be bigger to bring in bigger profits? You then will be more able to afford and to promote your religion if you have a bigger business scale and profits.

**BI:** It is a dilemma for me. I have to decide whether my company accepts the job order and also how much I should charge the client for the work. But, I am too busy to handle this.

**AR:** Have you thought about sharing your workloads with your wife or hiring additional employees from outsiders, non-family members?

**BI:** It is a family business. It is very inconvenient to have outsiders at home office. In addition, people do not really want to work as an employee for a renovation company. People just come to learn your skills and this business and then steal your clients.

**AR:** Then, maybe you can consider letting your wife share your workloads. Is she capable of sharing your workloads for evaluating costs and possibility of accepting new job?

**BI:** She is capable because she has worked with me since we started the business. But, how could we divide the workload? I have not thought about this before.

**AR:** Why not?

**BI:** It is a cultural issue. As you know, in a conventional Taiwanese family, husband is the one who decides all major issues.

**AR:** I see. However, when you are too busy to speed up your process of the initial estimation of costs and to decide whether you want to take the job, you are unable to increase your company size and unable to contribute financially more to your Taoism.

**BI:** I agree. Do you have any suggestions?

**AR:** Let me try. Normally how much is the estimated project value per job? Also, are you and your wife both able to predict a rough estimation of project value based on the client's description over the phone? I understand there are differences after actual field evaluation. What I am trying to do is to use the rough estimation of project value as the criteria for dividing you and your wife's authority.

**BI:** I see your point. In general, the average project value is about \$4,000 to \$5,000 dollars. Sometimes, we have a little bit higher project value to \$10,000 dollars and sometimes, we have small cases like \$1,000 to \$3,000 dollars project value. Besides, it is possible to have a rough estimation of the project value based on client's description of job because we are in the business for years.

**AR:** So, could we try to use \$3,000 dollars as a guideline to share your workload? It is a little bit less than the average project value. We can let your wife try first to see the

effectiveness of the criteria. For example, any project that seems to be more than \$3,000 dollar in value will be evaluated by you at the field site; on the other hand, any project that seems to be less than \$3,000 dollar values will be evaluated by your wife at the field site.

**B1:** Ok, let's try it and see how it goes.

**AR (Action Researcher) and B2 (Mrs. C)**

**AR:** Good morning Mrs. C. Thank you very much for taking the time to have an interview with me to answer my questions.

**B2:** You are welcome.

**AR:** Could you briefly explain your title and role in your company?

**B2:** Actually, I do not have any title. But I am involved in almost everything. As you know, I am helping my husband in work when he needs my help. I can do any renovations, such as tearing down old design, painting walls, installing floor etc. I also help my husband in answer phone calls when he is away and in estimating project costs, making appointments for his field trip to the renovation site, picking up materials and also do all accounting jobs etc.

**AR:** I guess you are the best company keeper that I have known to make sure everything goes smoothly at your company.

**B2:** Ha Ha. I just do my best to be a good wife to help my husband and to be a good

mother to take care of our four kids. I am an old style woman even though I am not that old. I have a very conventional idea of my role in my family.

**AR:** I think you have done a good job. Your home is clean and your office is well-organized.

**B2:** I got a lot of help from my parents-in-law. My father-in-law also helps us to do construction work when we have tight timeline to finish a job. My mother-in-law helps me to do cooking when I have to go out to help my husband.

**AR:** Apparently, you and your husband have worked hard together to create what you have now for your company and your family. You and your husband must be very close in opinions and know each other very well.

**B2:** We do work closely almost every day. I trust him very much because we are all very sincere Taoists. I don't have doubts about his behaviour because he does not have intention to harm anyone. He does not even harm an animal because he has kindness in his mind. I actually support his every decision.

**AR:** From my past two weeks' of observations at your home office and going out with your husband to the renovation site, it seems to me that your husband has spent a big portion of his time in estimating costs of projects and in deciding whether or not to accept the job in addition to the actual renovation job.

**B2:** You are right. I am not involved in the estimation process. I try to help him to do all the other jobs.

**AR:** It seems to me that sometimes, it takes up to more than one week to conduct the

estimation because of his busy workloads. I suggested to your husband yesterday to share the workload with you in order to speed up the process and he agreed. Did he mention to you last night? Do you want to share the workloads?

**B2:** He did mention that to me. I think I can give it a try.

**AR:** Great, let's try this action for one month and then reevaluate the action. Besides, upon the request of your husband, I have created a set of CSR rules which fits your company. They are the following. Could I know your comments of this set of rule?

*“To the clients, we should be honest and “Hou Dao”. We provide clients correct information. We do not promote unnecessary and/or inappropriate renovations. We charge clients the right price for the appropriate service. We do not cause troubles and/or to harm clients intentionally”.*

*“To the environment, we suggest clients to use environmental friendly materials”.*

**B2:** This set of rules reflected what my husband had done since the start of this tiny company. I think you have done a good job.

**AR:** In fact, it is you two who have done a great job. As you have said, you and your husband have followed this set of rules for more than 10 years since your operation of business. I just helped him to verbalize them.

***Evaluating action in Cycle One and Constructing and planning action in Cycle Two (four weeks after the first action)***

**AR:** Mr. C. I am curious about your comments of the effectiveness of action we agreed one month ago.

**BI:** In the beginning of the action, some clients particularly those who had my renovation service before were not used to see my wife showing up for the cost estimation. They even phoned me after my wife left to confirm with me again the correctness of her estimation.

**AR:** Sorry for the inconvenience you have suffered. Did she estimate in a way that is appropriate?

**BI:** No worry. I am not complaining. I am just letting you know the actual situation. She has done a very good job. Since my wife has involved more in cost estimation process, I actually have more time to conduct renovation jobs.

**AR:** Do you mean that you are happy about the action outcome? Isn't it a good thing?

**BI:** I am happy about the action. However, during this summer peak season, I am still very busy. Maybe you can help me to figure out more actions to reduce my renovation workload?

**AR:** Sure. Do you mean that you have too many jobs needed to be done and you are too busy to finish them?

**BI:** Yes, you are right. Since my wife has shared some of my workload to estimate costs, we have suddenly accepted many jobs that are now on the waiting list to be completed. Even though my wife, my father, my sister and oldest son all join with me to work, I still feel a little bit stressful.



**AR:** My first impression is to let your wife also handle cost estimation job up to \$5,000 per case. Then you can have more time to conduct actual renovation jobs. Furthermore, you can simply subcontract the jobs you have to other companies or other skilled workers you trust or hire others to work for you. You just need to make sure the quality of work is as good as you have promised if you worry about violation of your honesty rule.

**BI:** You know my concern. I agree to let my wife involving more estimation job such as up to \$5,000 dollars. With her devotion to more estimation jobs, I can have more time to work on actual renovation. But let me contact with one of my past coworkers to see his intention to take over some of my jobs. I still need to have extra help.

**AR:** I will let you deal with your past co-worker. You can negotiate with him to see his possible involvement of your jobs on the waiting list and hopefully he can help you to complete some jobs. But, I will help you to evaluate this action two and discuss with you to see the effectiveness. But I need to talk to your wife to see her feedback of action one and also to let her know the increase of her authority to estimate project up to \$5,000 dollars.

### ***AR and B2***

**AR:** Mrs. C, could you give me your feedback of the action one which is sharing the authority of cost estimation?

**BI:** Initially, I became very busy because there were so many cases that were under \$3,000 dollar values over the phone estimation in the summer time. I had to go to the renovation site to talk to clients and provide my final quotation of price. At many renovation sites, I was asked by clients who also knew my husband why it was me

showing up instead of my husband. I had to explain to them about this authority sharing action. Interestingly, they all cheered up for me and claimed that I was so important for my husband. I am very happy of my ability and contribution to the business and to my husband.

**AR:** You are really very important to your husband. Your husband has discussed with me this morning and wanted you to estimate projects up to \$5,000 dollars. By the way, do you observe that your company has more jobs to be done than before because of the efficiency of cost estimation process?

**B2:** Ha, Ha. I will do my best to help him for sure. We do have more jobs than before. We are busier than before even though we have other family members to help us.

**AR:** In addition to increase your authority right to share his responsibility, I have suggested your husband to team up with other companies or workers to either subcontract jobs to them or to hire more workers. He was thinking to phone a past coworker to share the workload. What do you think??

**B2:** As long as we can still make sure the quality of work is as good as we promised to clients, I support my husband's choice.

**AR:** You and your husband actually have put your honesty and promises in high priority. You are really very honest and "Hou Dao". I will reevaluate this second action with you and your husband one month later from now after the execution of action two.

**B2:** Okay.

*Evaluating action in Cycle Two (one month after the second action)*

**AR:** Mr. C, How do you feel the action two that increased your wife's authority and teamed up with your past co-worker to digest your workloads?

**BI:** The action you have suggested is good. I have finished renovation jobs faster because my wife has done many cost estimation jobs. Then I can just focus on actual renovation works. Besides, I also have made sure the quality of works is as good as I have promised. In fact, clients do not care who has finished their jobs as long as I have kept the quality the same and no extra cost of project price.

**AR:** So, you are much relaxed now. What have you learned in both actions?

**BI:** First of all, I have learned how to share workloads with my wife and with my past co-worker. Indeed, team work is more important than what I have thought. I also think about the specialization of my duty on the actual renovation and let my wife focus on estimation job and other supporting jobs such as purchasing materials. Secondly, because of my concerns of promises to clients such as finishing jobs on time and also finishing jobs with promised quality, I talked to my clients frankly of my arrangement of helps from my past co-worker. My clients appreciate my honesty and work attitude, I have their strong supports and their promises to give me more works later. I really appreciate your help and your conduction of action research at my company. I have learned the power of knowledge from you too.

**AR:** I am very excited about your comments. Actually you have flattered me. I am happy that my action research has done some positive contributions to you and your company. I really appreciate your sharing of ideas of CSR and factors that have influenced you to conduct CSRs even though at that time you did not have any formal CSR rules. In this action research, I am actually very excited to develop a formal set of CSR rules for you based on what you have done. From what you have shared with

me, we created the set of CSR rules which not only fits for your company but also is a reflection of what you have done in business. From your serious and sincere attitudes in dealing with huge workloads and in keeping promises to clients, I realized that in addition to have a formal set of CSR rules, for owners of SMEs, actually both intention and determination to conduct CSRs from the bottom of heart play key roles for the success of a business.

**BI:** I agree with your comments. Actually a strong belief of the importance of honesty and “Hao Dao” has influenced my intention to conduct good business behaviour. Besides, I realize that even though my company is tiny and family members are my workers, I can still generate a formal set of CSR rules because of my intention to execute CSR.

**AR:** Pretty good. Do you have any concerns for conducting further actions to help you?

**BI:** The peak season has come to an end because the weather is getting colder in early Nov. I think it should be enough for now.

**AR:** Let me chat with your wife to have her feedback.

**BI:** Sure. Thank you very much.

**AR and B2**

**AR:** Mrs. C, could you share with me your comments of action two we had executed one month ago? Are you happy or upset about the action results?

**B2:** For sure, I am very happy about the action results because I have received many supports from clients. I used to be a back supporter for my husband. I am excited to be involved in the process of estimation of costs. For me, it is a very important upgrade of self-esteem. Besides, I am happy that my husband is happy about your action research by using our tiny company as a target. I do not have high education level. I have learned from this action research very much.

**AR:** You are very humble. I appreciate your support of my action research. Since you have no need for further actions, I will stop the action research at this Cycle two.

**Therefore, in the Company B, we stopped at the Cycle Two.**

## **Appendix 2: CSR Rules created for Both Companies**

### **Company A's CSR rules:**

To the clients, we have to be honest and only to suggest courses they need and do not oversell courses. We have to help students and their parents to communicate with each other.

To the society, subject to the availability of funding, we offer non-profits courses, free educational information for students and parents, and volunteer chances for students. We have to provide Canadian information and Canadian ways of thinking to parents when they ask.

To the employees, we have to treat them sincerely like friends and offer appropriate salary based on their seniority.

To the environment, we have to use environmental friendly equipment to lecture and to reduce the paper consumption.

### **Company B's CSR rules:**

To the clients, we should be honest and “Hou Dao”. We provide clients correct information. We do not promote unnecessary and/or inappropriate renovations. We charge clients the right price for the appropriate service. We do not cause troubles and/or to harm clients intentionally.

To the environment, we suggest clients to use environmental friendly materials.

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PARTICIPANT CONSENT FORM

**Title of Research Project:** Examination and Exploration of Corporate Social Responsibility (CSR) of Two Immigrant-owned Small and Medium Enterprises in Greater Vancouver, Canada

**Researcher(s):**

**Please initial**

**box**

**Jyh-Yaw Joseph Chen**

1. I confirm that I have read and have understood the information sheet dated [Nov26, 2014] for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason, without my rights being affected. In addition, should I not wish to answer any particular question or questions, I am free to decline.

3. I understand that, under the Data Protection Act, I can at any time ask for access to the information I provide and I can also request the destruction of that information if I wish.

4. I agree to take part in the above study.

Participant Name

Date

Signature

\_\_\_\_\_  
Name of Person taking consent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Researcher

\_\_\_\_\_  
Date

Signature

**Principal Investigator:**

**Student Researcher:**

Name

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[Version 2, October 16, 2014]

**Form 1: Participant's Consent Form of this Thesis**



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